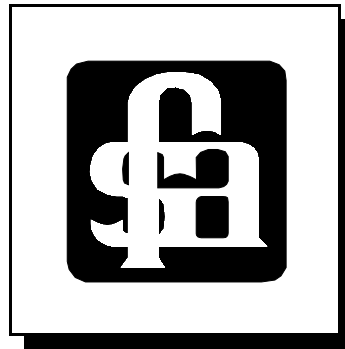


**FY 2001-02
APPROPRIATIONS REPORT**



**SENATE FISCAL AGENCY
LANSING, MICHIGAN**

OCTOBER 2001

THE SENATE FISCAL AGENCY

The Senate Fiscal Agency is governed by a board of five members, including the majority and minority leaders of the Senate, the Chairperson of the Appropriations Committee of the Senate, and two other members of the Appropriations Committee of the Senate appointed by the Chairperson of the Appropriations Committee with the concurrence of the Majority Leader of the Senate, one from the minority party.

The purpose of the Agency, as defined by statute, is to be of service to the Senate Appropriations Committee and other members of the Senate. In accordance with this charge the Agency strives to achieve the following objectives:

1. To provide technical, analytical, and preparatory support for all appropriations bills.
2. To provide written analyses of all Senate bills, House bills and Administrative Rules considered by the Senate.
3. To review and evaluate proposed and existing State programs and services.
4. To provide economic and revenue analysis and forecasting.
5. To review and evaluate the impact of Federal budget decisions on the State.
6. To review and evaluate State issuance of long-term and short-term debt.
7. To review and evaluate the State's compliance with constitutional and statutory fiscal requirements.
8. To prepare special reports on fiscal issues as they arise and at the request of members of the Senate.

The Agency is located on the 8th floor of the Victor Office Center. The Agency is an equal opportunity employer.



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STATE APPROPRIATIONS SUMMARY

STATE APPROPRIATIONS SUMMARY

The Legislature completed action on all of the fiscal year (FY) 2001-02 appropriation bills on September 27, 2001. Legislative action on the FY 2001-02 State budget focused on adjusting the level of State appropriations to ensure a balance between projected revenues and enacted appropriations. The slowdown in the United States and Michigan economies, which now appears to have begun in the second half of calendar year 2000, has resulted in significant downward adjustments in the estimates of State revenues.

The enacted FY 2001-02 appropriation bills were developed based on a consensus revenue estimate agreed to in May 2001. The May 2001 estimate provided for a projected 0.6% increase in FY 2001-02 General Fund/General Purpose (GF/GP) and a projected 4.3% increase in FY 2001-02 School Aid Fund (SAF) revenues. The major issue that emerged in the final legislative debate on the FY 2001-02 appropriation bills was the effort by the Legislature to reduce the appropriations recommended by the Governor in February 2001 to achieve a balance between enacted appropriations and the May 2001 consensus revenue estimate. Dealing with a slumping national and State economy and its impact on State revenues became the major budget issue for the first time since the national recession of the early 1990s caused similar strain on the State budget. The overall State budget condition during FY 2001-02 was also further restrained by the enacted rate reductions in the State income tax and single business tax which reduced GF/GP revenues available to support appropriations.

FY 2000-01 APPROPRIATIONS

On an overall basis, the Legislature approved Adjusted Gross appropriations¹⁾ totaling \$37.9 billion. This represents an increase of \$882.1 million or 2.4% above FY 2000-01 year-to-date appropriations. Enacted State Spending from State Resources appropriations²⁾ totaled \$26.3 billion, an increase of \$525.1 billion or 2.0% over FY 2000-01 year-to-date appropriations. Enacted GF/GP appropriations³⁾ totaled \$9.6 billion, a decrease of \$171.9 million or 1.8% below the FY 2000-01 year-to-date appropriations. Table A and Figure 1 summarize these enacted appropriations by source of funds.

Major Changes in State Appropriations

Tables B, C and D and Figures 2, 3 and 4 provide a detailed comparison of enacted FY 2001-02 with year-to-date FY 2000-01 appropriations. The tables and figures present appropriations detail by State department or program in terms of Adjusted Gross, State Spending from State Resources, and GF/GP appropriations. The following information contains a brief summary of the major FY 2001-02 appropriation changes in each budget area. All numbers are GF/GP appropriations unless otherwise noted.

Agriculture: The enacted budget contains no new policy initiatives. The budget does provide for a fund shift of \$4.3 million in programs funded previously from GF/GP and State Restricted revenue that will now be funded from casino-related revenues.

Attorney General: The enacted budget contains no new policy initiatives.

a) Adjusted Gross appropriations are defined as Gross appropriations less interdepartmental grants received.

b) State Spending from State Resources appropriations are defined as Adjusted Gross appropriations less Federal, Local, and Private funds.

c) General Fund/General Purpose appropriations are defined as State Spending from State Resources appropriations less State Restricted appropriations.

Capital Outlay: The enacted budget contains a \$29.3 million increase for debt service payments on State construction projects financed by the State Building Authority. The budget includes a \$9.5 million decrease in funding for State agency special maintenance projects. The budget includes no new authorizations for the planning of State Building Authority-financed construction projects.

Career Development: The enacted budget contains a fund source shift to expand the welfare-to-work program in order to provide greater work opportunities for welfare recipients who are having a difficult time entering the work force. This program is funded from a combination of Federal and State GF/GP appropriations.

Civil Rights: The enacted budget contains no new policy initiatives.

Civil Service: The enacted budget contains no new policy initiatives.

Community Colleges: The enacted budget includes a 1.5% increase for community colleges operations. This funding will provide for a 1.0% increase across-the-board for all colleges and an additional 0.5% distributed through the Gast-Mathieu funding formula. The range of operational funding increases for the colleges is between 1.0% and 2.3%.

Community Health: The enacted budget assumes no funding increases for Medicaid, community mental health providers, or local public health agencies. Caseload adjustments are provided for in the budget and an additional \$8.0 million of Tobacco Settlement Trust Fund revenue is used to offset GF/GP revenues in the Medicaid program. The budget also funds the first year of the Elder Prescription Insurance Coverage program, which will provide State-financed pharmaceutical assistance for eligible senior citizens.

Consumer and Industry Services: The enacted budget contains \$60.0 million of new State Restricted appropriations financed from excess revenues generated from utilities as a result of utility deregulation. These appropriations would fund shutoff protection services for low income residential customers and energy conservation projects for commercial and residential customers.

Corrections: The enacted budget funds the operations of the existing prison and parole systems and contains no new policy initiatives. The budget does not include any funding for the new Bellemy Creek Correctional Facility in Ionia due to a reduction in the projected number of inmates in the State prison system. It is anticipated that this facility will open during FY 2002-3.

Education: The enacted budget contains funding for the State match for an expansion of the school breakfast program resulting from higher utilization by eligible students.

Environmental Quality: The enacted budget includes reductions in the GF/GP support for the environmental cleanup and redevelopment program and the underground storage tank cleanup program. The budget also includes \$1.5 million of increased funding that will be necessary due to the relocation of the Department's Lansing headquarters to the new Constitutional Hall office building.

Executive: The enacted budget contains no new policy initiatives.

Family Independence Agency: The enacted budget provides for the final year of appropriation of the Federal Temporary Assistance for Needy Families (TANF) block grant for the transition of welfare recipients to the workforce. The State's Family Independence Program, funded by the TANF block grant and State matching funds, assumes a 9,300 case increase to an average of 75,000 cases. Other adjustments include caseload reductions in day care services, State disability payments and supplemental security income assistance payments. Funding increases are provided to meet the anticipated cost of providing child care services. The budget also includes a 1.0% increase for foster care and adoption subsidy families.

Higher Education: The enacted budget includes a 1.5% increase for university operations. This funding is distributed among the universities with overall increases ranging from 1.5% to 1.7%. Funding for the Merit Award Scholarship program is increased by 13.7% to reflect estimated program costs.

History, Arts, and Libraries: The enacted budget includes the first year appropriations for the newly created Department. This Department contains programs previously administered by the Library of Michigan, the Department of Consumer and Industry Services, the Department of Natural Resources, and the Department of State. The enacted budget does contain a \$2.5 million funding increase for arts grants and a new \$1.0 million direct grant to the Museum of African-American History in Detroit.

Judiciary: The enacted budget contains \$10.7 million of funding increases to fund the full-year costs of judges' salaries recommended by the State Officers Compensation Commission. In addition, \$2.9 million of increased funding is provided to fund information technology improvements in the judiciary system across the State.

Legislature: The enacted budget contains \$3.9 million of funding increases to fund the full-year costs of legislators' salaries recommended by the State Officers Compensation Commission.

Management and Budget: The enacted budget contains no new policy initiatives. The GF/GP appropriation is reduced to reflect the fact that cost increases to provide office space for State employees that will occur during FY 2001-02 were built into the FY 2000-01 budget and allowed to carry-forward into the 2001-02 fiscal year.

Military and Veterans Affairs: The enacted budget contains no new policy initiatives.

Natural Resources: The enacted budget contains reductions in several programs funded primarily from Game and Fish Protection Fund revenues to reflect estimated available revenues. These programs include a customer service initiative, wildlife biologists, and conservation officers. The budget also includes \$0.5 million for the enforcement of the consent decree reached between the State and Native American tribes concerning commercial fishing in the Great Lakes.

School Aid: The current status of the FY 2001-02 enacted budget for State aid to the K-12 public school system is a result of appropriations originally made in May 2000 and adjustments to those original appropriations made in September 2001. On an overall basis, State aid to K-12 education will increase by 5.2% during FY 2001-02. The basic foundation allowance is funded at a minimum of \$6,300 per pupil with a equity payment of up to an additional \$200 per pupil to ensure all per pupil funding reaches \$6,500. This basic foundation allowance increase represents a 5.0% increase from the FY 2000-01 level. Major categorical grant programs receiving funding increases include at-risk programs and special education. Categorical programs subject to funding reductions include school readiness, reading programs, elementary summer school program, and adult education.

State: The enacted budget contains no new policy initiatives.

State Police: The enacted budget contains no new policy initiatives. The budget does include funding increases for a bomb squad unit, secondary road patrol grants to county sheriffs, and motor carrier enforcement.

Strategic Fund Agency: The enacted budget contains no new policy initiatives.

Transportation: The enacted budget contains no new policy initiatives and provides for the distribution of Federal and State Restricted transportation funds through the formulas provided for in State law.

Treasury-Operations: The enacted budget contains no new policy initiatives. The budget reflects GF/GP appropriation savings resulting from the final funding of a departmental technology initiative and reductions in tax increment financing payments to local units of government due to re-estimation of program costs.

Treasury-Debt Service: The appropriation for debt service payments on State general obligation bonds will total \$105.3 million. This represents a 15.9% increase over the prior fiscal year.

Treasury-Revenue Sharing: The enacted budget provides for a 1.4% overall increase in revenue sharing payments to cities, villages, townships, and counties.

GUBERNATORIAL VETOES

The Governor, through his constitutional line-item veto authority, vetoed \$37.4 million of Adjusted Gross appropriations and \$28.4 million of GF/GP appropriations. Included in these vetoes were two vetoes in the K-12 School Aid budget that resulted in a \$28.0 million increase in appropriations. These School Aid vetoes were of appropriation reductions approved by the Legislature. The veto of these appropriation reductions by the Governor restored the funding to the previously approved level. These line-item vetoes are summarized in Table E and discussed in detail in the individual departmental sections of this report.

FEE INCREASES

The FY 2001-02 appropriation bills include the appropriation of \$4.3 million of new fee revenues. Table F provides a summary of these fee increases.

TOBACCO SETTLEMENT APPROPRIATIONS

As part of the master settlement agreement between the states and the United States tobacco industry, the State of Michigan is scheduled to receive an estimated \$321.1 million of tobacco settlement funds during FY 2001-02. These funds are subject to the legislative appropriation process and can be appropriated for any purpose. Table G provides a summary of the enacted FY 2001-02 appropriation of tobacco settlement funds. The Legislature approved tobacco settlement appropriations of \$310.2 million. In addition, a total of \$75.5 million of tobacco settlement funds was transferred to the General Fund. The \$385.7 million of total of FY 2001-02 appropriations and transfers to the General Fund will exceed the projected

level of revenues received by \$64.6 million. The difference is made up from interest earnings from tobacco settlement funds and surplus revenue not appropriated during FY 2000-01. The tobacco settlement funds are appropriated from two separate trust funds. The Merit Award Trust Fund and the Tobacco Settlement Trust Fund are created by statute to receive a fixed percentage of total tobacco settlement funds received by the State. During FY 2001-02, the Merit Award Trust Fund receives 75% of the total tobacco settlement revenues and the Tobacco Settlement Trust Fund receives the remaining 25% of tobacco settlement revenues.

PROJECTED YEAR-END BALANCE

The level of FY 2001-02 appropriations approved by the Legislature and signed into law by the Governor was based on a consensus estimate of the level of GF/GP and SAF revenues available for expenditure. The FY 2001-02 consensus estimate that was the basis for the budget was developed at the Consensus Revenue Estimating Conference held on May 15, 2001. The enacted FY 2001-02 GF/GP and SAF budgets provide a balance between estimated revenues and expenditures pursuant to constitutional requirements.

Table H provides a summary of the projected \$1.0 million FY 2001-02 GF/GP year-end balance. Table I provides a summary of the \$5.6 million FY 2001-02 SAF year-end balance.

STATE EMPLOYMENT LEVELS

Table J and Figure 5 provide a summary of State classified full-time equated (FTE) employees appropriated in FY 2001-02 versus the year-to-date level of FTE employees appropriated in FY 2000-01. Total appropriated FTE employees in FY 2001-02 are 64,053.4, a decrease of 549.1 or 0.8% from the prior year. As has been the case for a number of years, the employment level of the Department of Corrections represents the largest level of classified FTEs in any one State department. During FY 2001-02, 19,390.5 FTEs are appropriated in the Department of Corrections. This represents 30.3% of the entire State classified work force. Most State departments, including the Department of Corrections, are having fewer FTEs appropriated in FY 2001-02 as compared with the prior fiscal year. Departments with significant increases in the number of appropriated classified FTEs during FY 2001-02 include the Department of Environmental Quality and the State Police.

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Article IX, Section 30 of the State Constitution of 1963 prohibits the State from reducing the portion of State appropriations paid to local units of government below the FY 1978-79 level of 48.97%. The Senate Fiscal Agency estimates that enacted FY 2001-02 appropriation bills exceed the minimum constitutional requirements by \$2.98 billion. Table K provides a summary of the calculations used to determine the State's compliance with this constitutional requirement in FY 2000-01 and FY 2001-02. Table L provides a list of State appropriations by department counted as payments to local units of government.

FY 1999-2000 SUPPLEMENTAL APPROPRIATIONS

Consistent with the practice over the past few years, at the same time the Legislature enacted the initial FY 2001-02 appropriation bills it also debated and enacted a comprehensive supplemental appropriation bill (Public Act 120 of 2001). The supplemental appropriations contained in Public Act 120 of 2001 provided for FY 2000-01 and FY 2001-02 appropriations. Table M provides a summary of the supplemental appropriation items contained

in Public Act 120 of 2001. The FY 2000-01 enacted supplemental appropriations totaled \$17.6 million of Gross appropriations and \$5.0 million of GF/GP appropriations. The FY 2001-02 supplemental appropriations totaled \$345.4 million of Gross appropriations and \$44.5 million of GF/GP appropriations. These supplemental appropriations are discussed in detail in the individual departmental summary sections of this report. In addition to the supplemental appropriations contained in Public Act 120 of 2001, the Legislature approved and the Governor signed into law a comprehensive supplemental appropriation bill for K-12 School Aid which made adjustments to previously enacted FY 2000-01, FY 2001-02, and FY 2002-03 K-12 School Aid appropriations. Table N provides a summary of the FY 2000-01 and FY 2001-02 K-12 School Aid supplemental appropriations contained Public Act 121 of 2001. Public Act 121 of 2001 reduced FY 2000-01 School Aid Fund appropriations by \$40.0 million and reduced FY 2001-02 School Aid Fund appropriations by \$62.8 million. The primary purpose of the School Aid supplemental appropriation bill was to reduce School Aid appropriations to ensure a balance between enacted appropriations and projected revenues.

Table A

FY 2001-02 YEAR-TO-DATE APPROPRIATIONS BY SOURCE OF FUNDS (Actual Dollars)					
Department/Budget Area	Adjusted Gross	Federal Funds	Local & Private Funds	Other State Restricted	General Funds
Agriculture	\$88,786,500	\$5,880,000	\$1,121,900	\$38,065,100	\$43,719,500
Attorney General	55,004,200	7,624,800	1,171,600	8,871,900	37,335,900
Capital Outlay	492,557,700	106,332,000	27,250,000	43,109,000	315,866,700
Career Development	528,776,500	463,699,900	17,374,500	11,444,500	36,257,600
Civil Rights	15,527,000	934,000	0	0	14,593,000
Civil Service	27,349,200	4,779,100	1,850,000	9,502,900	11,217,200
Community Colleges	324,596,319	0	0	5,000,000	319,596,319
Community Health	8,587,495,800	4,463,831,900	1,126,837,500	350,864,500	2,645,961,900
Consumer and Industry Services	560,336,700	239,954,500	740,000	276,870,400	42,771,800
Corrections	1,731,701,400	28,032,400	349,600	48,965,500	1,654,353,900
Education	996,159,000	942,579,100	5,571,000	14,036,000	33,972,900
Environmental Quality (Operations)	397,750,000	131,277,500	1,567,100	163,897,500	101,007,900
Environmental Quality (CMI Bond)	60,266,000	0	0	60,266,000	0
Executive	5,709,800	0	0	0	5,709,800
Family Independence Agency	3,833,417,300	2,500,201,750	100,003,750	53,233,900	1,179,977,900
Higher Education	1,947,842,366	4,900,000	0	130,273,850	1,812,668,516
History, Arts, and Libraries	41,876,200	2,554,400	502,400	2,160,500	36,658,900
Judiciary	243,221,700	3,363,200	3,755,400	56,288,900	179,814,200
Legislative Auditor General*	0	0	0	0	0
Legislature	129,376,200	0	400,000	1,478,600	127,497,600
Library of Michigan	39,308,100	4,557,400	75,000	86,900	34,588,800
Management & Budget	89,480,600	380,300	0	42,923,200	46,177,100
Military and Veteran Affairs	102,947,600	37,384,100	480,000	23,252,400	41,831,100
Natural Resources (Operations)	253,410,100	28,461,700	1,748,800	171,116,200	52,083,400
Natural Resources (CMI Bond)	0	0	0	0	0
Natural Resources Trust Fund	37,601,200	0	0	37,601,200	0
School Aid	11,458,313,400	203,000,000	0	11,049,699,900	205,613,500
State	126,512,100	1,303,600	100	64,451,900	60,756,500
State Police	394,906,300	43,211,000	3,913,700	47,611,600	300,170,000
Strategic Fund Agency	178,946,200	62,934,400	850,000	50,050,000	65,111,800
Transportation	3,076,412,900	960,483,900	5,800,000	2,110,129,000	0
Treasury (Debt Service)	105,995,000	0	700,000	0	105,295,000
Treasury (Operations)	345,750,000	33,490,000	950,100	249,214,100	62,095,800
Treasury (Revenue Sharing)	1,577,800,000	0	0	1,577,800,000	0
TOTAL APPROPRIATIONS	\$37,854,135,385	\$10,280,152,950	\$1,303,012,450	\$16,698,265,450	\$9,572,704,535

* The appropriation for the Legislative Auditor General is transferred to a line item under the Legislature.

Figure 1

Appropriations by Source of Funds

FY 2001-02 Enacted Appropriations

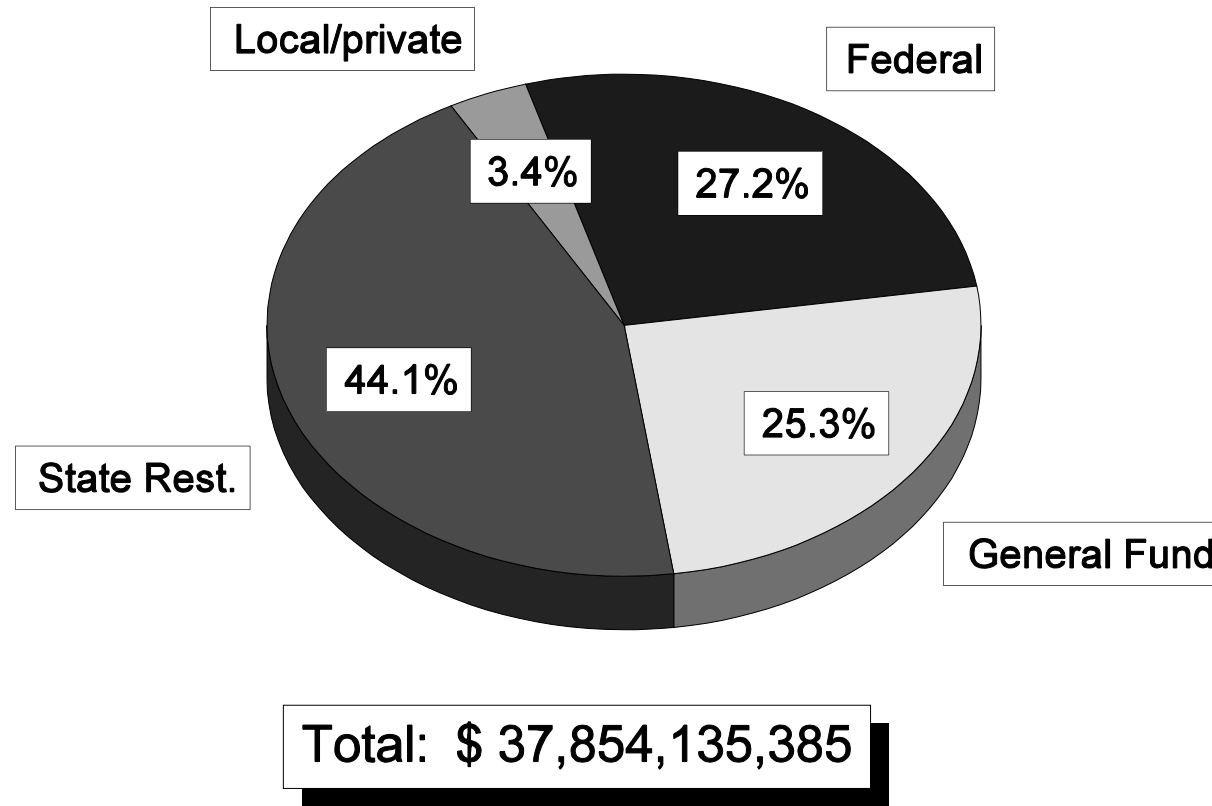


Table B

ADJUSTED GROSS APPROPRIATIONS FY 2000-01 VERSUS FY 2001-02 (Actual Dollars)				
Department/Budget Area	FY 2000-01 Year-to-Date Appropriations	FY 2001-02 Year-to-Date Appropriations	Dollar Difference	Percent Change
Agriculture	\$110,713,600	\$88,786,500	(\$21,927,100)	(19.8)%
Attorney General	52,415,364	55,004,200	2,588,836	4.9
Capital Outlay	455,771,100	492,557,700	36,786,600	8.1
Career Development	547,387,700	528,776,500	(18,611,200)	0.0
Civil Rights	15,200,900	15,527,000	326,100	2.1
Civil Service	30,260,600	27,349,200	(2,911,400)	(9.6)
Community Colleges	325,011,719	324,596,319	(415,400)	(0.1)
Community Health	8,518,471,300	8,587,495,800	69,024,500	0.8
Consumer and Industry Services	543,729,600	560,336,700	16,607,100	3.1
Corrections	1,699,305,700	1,731,701,400	32,395,700	1.9
Education	929,476,900	996,159,000	66,682,100	7.2
Environmental Quality (Operations)	392,605,600	397,750,000	5,144,400	1.3
Environmental Quality (CMI Bond)	89,598,000	60,266,000	(29,332,000)	(32.7)
Executive	5,651,200	5,709,800	58,600	1.0
Family Independence Agency	3,717,549,800	3,833,417,300	115,867,500	3.1
Higher Education	1,910,550,908	1,947,842,366	37,291,458	2.0
History, Arts, and Libraries	0	41,876,200	41,876,200	100.0
Judiciary	233,305,500	243,221,700	9,916,200	4.3
Legislative Auditor General*	13,450,100	0	(13,450,100)	(100.0)
Legislature	106,420,700	129,376,200	22,955,500	21.6
Library of Michigan	39,916,700	39,308,100	(608,600)	(1.5)
Management & Budget	102,981,700	89,480,600	(13,501,100)	(13.1)
Military and Veteran Affairs	102,611,500	102,947,600	336,100	0.3
Natural Resources (Operations)	257,942,100	253,410,100	(4,532,000)	(1.8)
Natural Resources (CMI Bond)	46,742,100	0	(46,742,100)	(100.0)
Natural Resources Trust Fund	38,240,400	37,601,200	(639,200)	0.0
School Aid	10,892,285,000	11,458,313,400	566,028,400	5.2
State	134,073,400	126,512,100	(7,561,300)	(5.6)
State Police	410,618,450	394,906,300	(15,712,150)	(2.3)
Strategic Fund Agency	225,817,100	178,946,200	(46,870,900)	0.0
Transportation	3,026,013,725	3,076,412,900	50,399,175	1.7
Treasury (Debt Service)	91,570,500	105,995,000	14,424,500	15.8
Treasury (Operations)	350,825,800	345,750,000	(5,075,800)	(1.4)
Treasury (Revenue Sharing)	1,555,500,000	1,577,800,000	22,300,000	1.4
TOTAL APPROPRIATIONS	\$36,972,014,766	\$37,854,135,385	\$882,120,619	2.4%
* The appropriation for the Legislative Auditor General is transferred to a line item under the Legislature.				

Figure 2

Adjusted Gross FY 2001-02 Enacted Appropriations

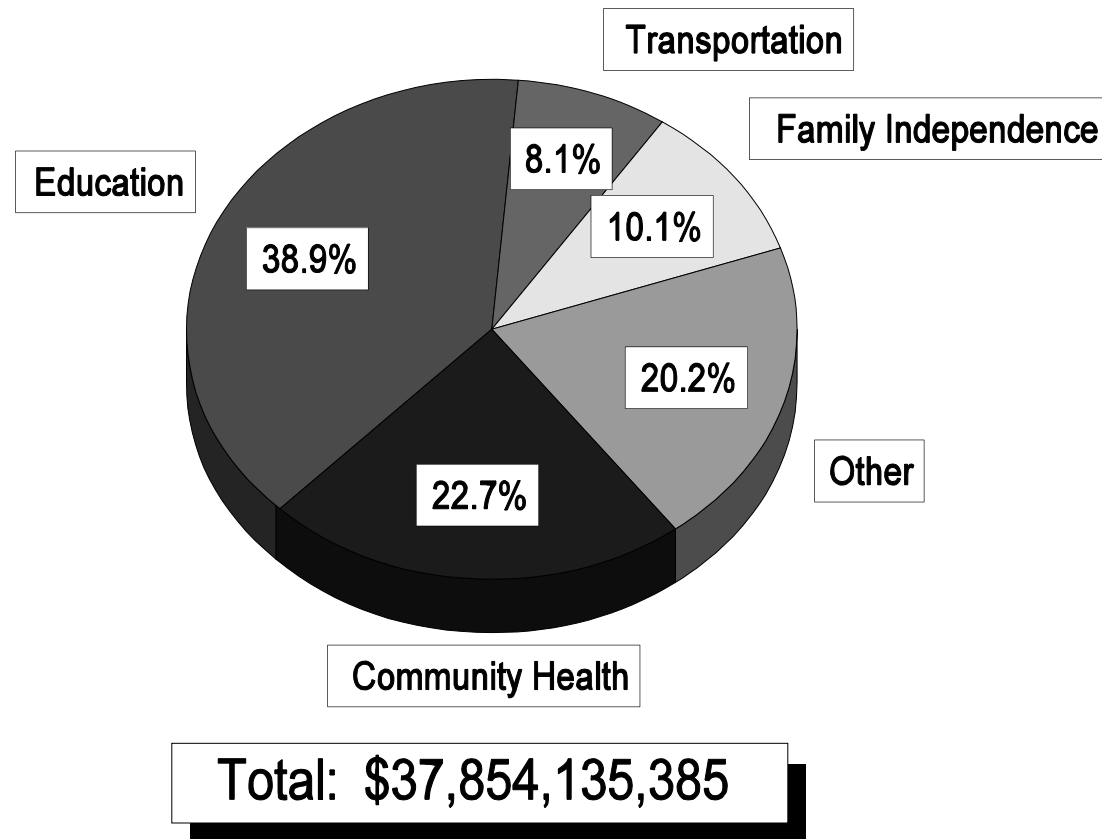


Table C

STATE SPENDING FROM STATE RESOURCES FY 2000-01 VERSUS FY 2001-02 (Actual Dollars)				
Department/Budget Area	FY 2000-01 Year-to-Date Appropriations	FY 2001-02 Year-to-Date Appropriations	Dollar Difference	Percent Change
Agriculture	\$95,327,200	\$81,784,600	(\$13,542,600)	(14.2)%
Attorney General	43,645,800	46,207,800	2,562,000	5.9
Capital Outlay	327,926,900	358,975,700	31,048,800	9.5
Career Development	40,827,200	47,702,100	6,874,900	0.0
Civil Rights	14,266,900	14,593,000	326,100	2.3
Civil Service	23,631,500	20,720,100	(2,911,400)	(12.3)
Community Colleges	325,011,719	324,596,319	(415,400)	(0.1)
Community Health	3,059,180,000	2,996,826,400	(62,353,600)	(2.0)
Consumer and Industry Services	291,017,700	319,642,200	28,624,500	9.8
Corrections	1,670,464,800	1,703,319,400	32,854,600	2.0
Education	48,742,900	48,008,900	(734,000)	(1.5)
Environmental Quality (Operations)	261,038,200	264,905,400	3,867,200	1.5
Environmental Quality (CMI Bond)	89,598,000	60,266,000	(29,332,000)	(32.7)
Executive	5,651,200	5,709,800	58,600	1.0
Family Independence Agency	1,267,079,500	1,233,211,800	(33,867,700)	(2.7)
Higher Education	1,906,650,908	1,942,942,366	36,291,458	1.9
History, Arts, and Libraries	0	38,819,400	38,819,400	100.0
Judiciary	226,320,400	236,103,100	9,782,700	4.3
Legislative Auditor General*	13,450,100	0	(13,450,100)	(100.0)
Legislature	106,020,700	128,976,200	22,955,500	21.7
Library of Michigan	35,284,300	34,675,700	(608,600)	(1.7)
Management & Budget	102,331,200	89,100,300	(13,230,900)	(12.9)
Military and Veteran Affairs	64,635,900	65,083,500	447,600	0.7
Natural Resources (Operations)	230,940,300	223,199,600	(7,740,700)	(3.4)
Natural Resources (CMI Bond)	46,742,100	0	(46,742,100)	(100.0)
Natural Resources Trust Fund	38,240,400	37,601,200	(639,200)	0.0
School Aid	10,732,285,000	11,255,313,400	523,028,400	4.9
State	130,449,100	125,208,400	(5,240,700)	(4.0)
State Police	368,320,050	347,781,600	(20,538,450)	(5.1)
Strategic Fund Agency	115,324,900	115,161,800	(163,100)	0.0
Transportation	2,103,971,100	2,110,129,000	6,157,900	0.3
Treasury (Debt Service)	90,870,500	105,295,000	14,424,500	15.9
Treasury (Operations)	315,079,900	311,309,900	(3,770,000)	(1.2)
Treasury (Revenue Sharing)	1,555,500,000	1,577,800,000	22,300,000	1.4
TOTAL APPROPRIATIONS	\$25,745,826,377	\$26,270,969,985	\$525,143,608	2.0%
* The appropriation for the Legislative Auditor General is transferred to a line item under the Legislature.				

Figure 3

State Spending from State Resources FY 2001-02 Enacted Appropriations

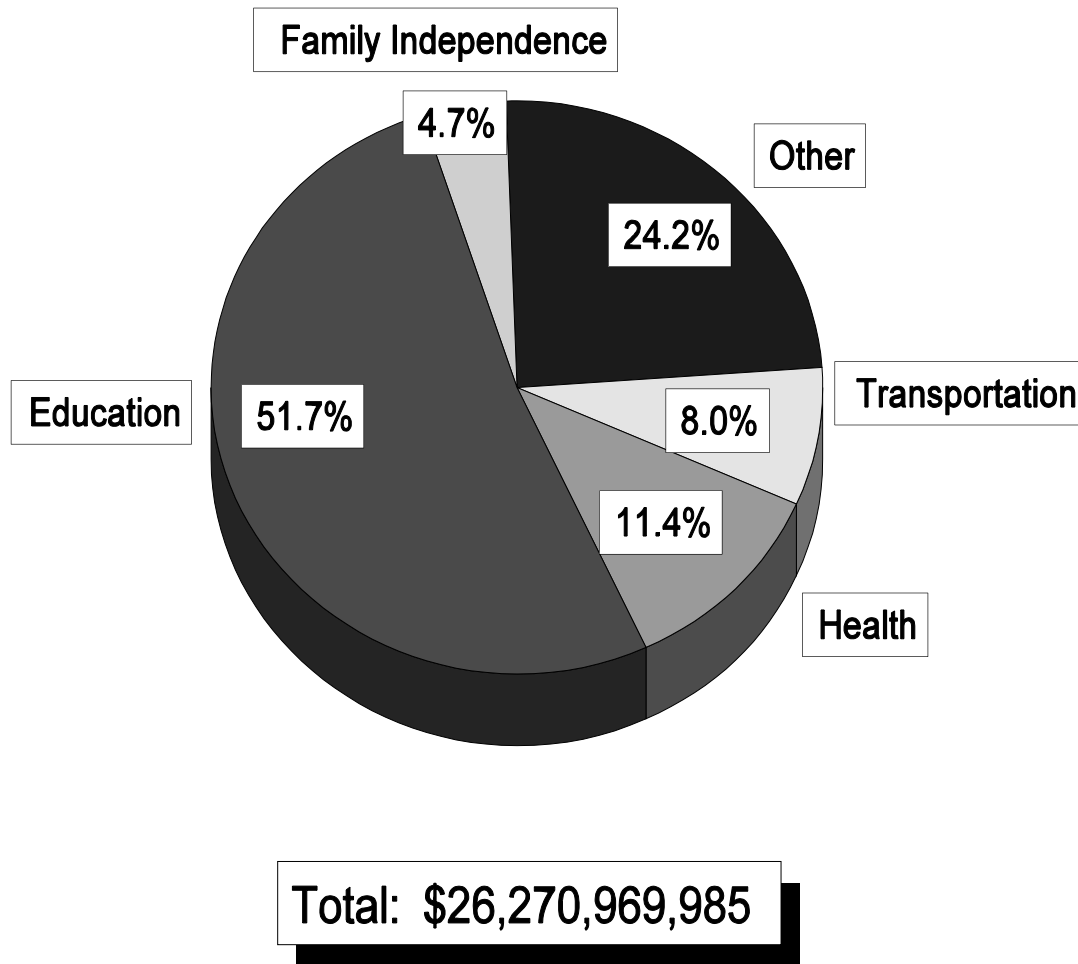


Table D

GENERAL FUND/GENERAL PURPOSE APPROPRIATIONS FY 2000-01 VERSUS FY 2001-02 (Actual Dollars)				
Department/Budget Area	FY 2000-01 Year-to-Date Appropriations	FY 2001-02 Year-to-Date Appropriations	Dollar Difference	Percent Change
Agriculture	\$51,794,600	\$43,719,500	(\$8,075,100)	(15.6)%
Attorney General	35,271,000	37,335,900	2,064,900	5.9
Capital Outlay	292,479,700	315,866,700	23,387,000	8.0
Career Development	30,331,400	36,257,600	5,926,200	19.5
Civil Rights	14,266,900	14,593,000	326,100	2.3
Civil Service	12,373,900	11,217,200	(1,156,700)	(9.3)
Community Colleges	315,011,719	319,596,319	4,584,600	1.5
Community Health	2,673,556,200	2,645,961,900	(27,594,300)	(1.0)
Consumer and Industry Services	83,343,500	42,771,800	(40,571,700)	(48.7)
Corrections	1,619,600,500	1,654,353,900	34,753,400	2.1
Education	35,155,300	33,972,900	(1,182,400)	(3.4)
Environmental Quality (Operations)	99,406,600	101,007,900	1,601,300	1.6
Executive	5,651,200	5,709,800	58,600	1.0
Family Independence Agency	1,216,438,300	1,179,977,900	(36,460,400)	(3.0)
Higher Education	1,785,850,608	1,812,668,516	26,817,908	1.5
History, Arts, and Libraries	0	36,658,900	36,658,900	100.0
Judiciary	170,316,800	179,814,200	9,497,400	5.6
Legislative Auditor General*	13,183,500	0	(13,183,500)	(100.0)
Legislature	104,978,900	127,497,600	22,518,700	21.5
Library of Michigan	35,197,400	34,588,800	(608,600)	(1.7)
Management & Budget	56,026,000	46,177,100	(9,848,900)	(17.6)
Military and Veteran Affairs	41,647,700	41,831,100	183,400	0.4
Natural Resources (Operations)	53,678,800	52,083,400	(1,595,400)	(3.0)
School Aid	385,613,500	205,613,500	(180,000,000)	(46.7)
State	66,804,600	60,756,500	(6,048,100)	(9.1)
State Police	321,355,600	300,170,000	(21,185,600)	(6.6)
Strategic Fund Agency	65,274,900	65,111,800	(163,100)	(0.2)
Treasury (Debt Service)	90,870,500	105,295,000	14,424,500	15.9
Treasury (Operations)	69,103,000	62,095,800	(7,007,200)	(10.1)
TOTAL APPROPRIATIONS	\$9,744,582,627	\$9,572,704,535	(\$171,878,092)	(1.8)%
* The appropriation for the Legislative Auditor General is transferred to a line item under the Legislature.				

Figure 4

General Fund/General Purpose FY 2001-02 Enacted Appropriations

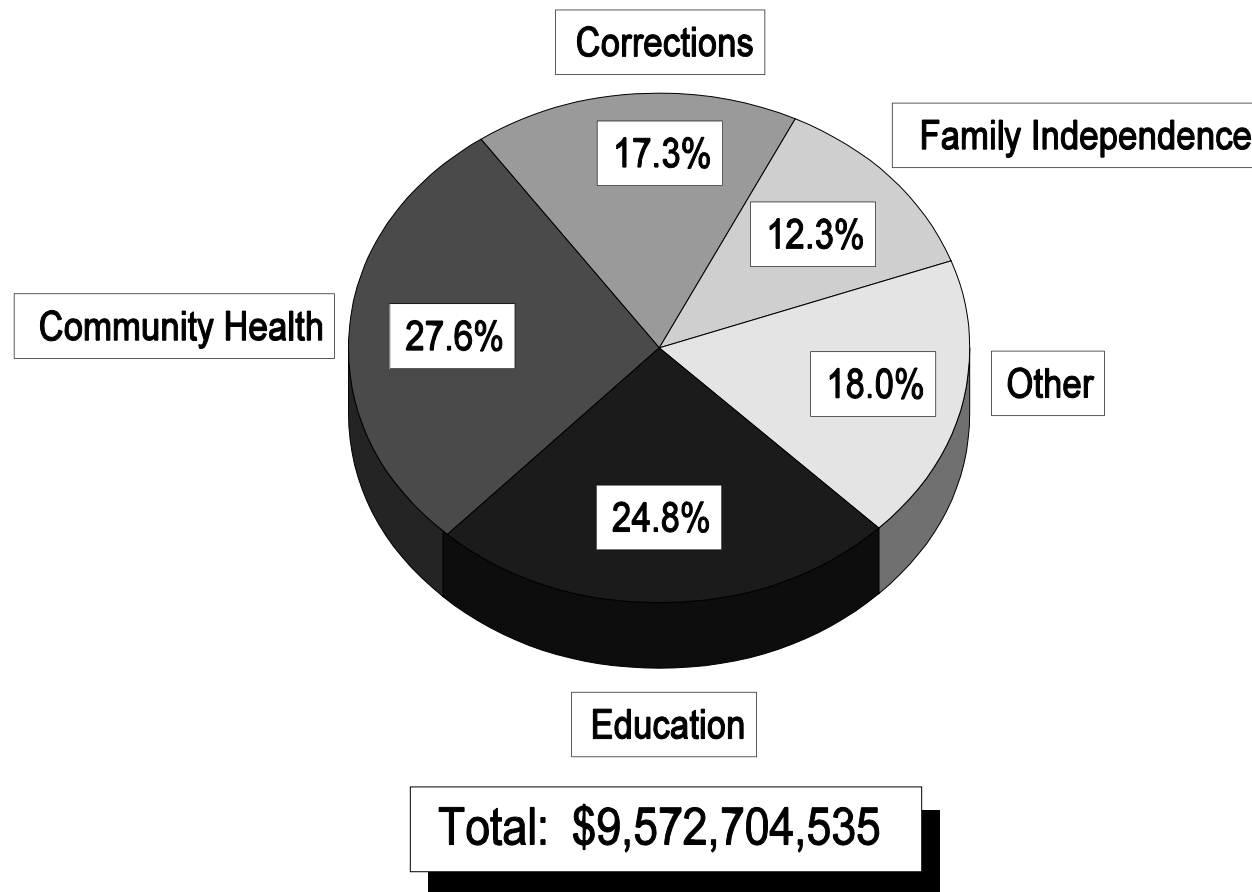


Table E

FY 2001-02 STATE BUDGET LINE-ITEM VETOES (actual dollars)		
Department/Item	Adjusted Gross	General Fund/ General Purpose
<u>Agriculture</u>		
Michigan Festivals	\$(50,000)	\$ 0
Milk Vending Machines	(25,000)	(25,000)
Biotechnology Institute	(200,000)	(200,000)
<u>Career Development</u>		
Multicultural Career Training Programs	(100,000)	0
<u>Community Health</u>		
Early Childhood Collaborative Secondary Prevention	(1,750,000)	(1,750,000)
Senior Olympics	(100,000)	(100,000)
Clinton River Pollution Study	(50,000)	(50,000)
Cancer Prevention Projects	(3,000,000)	(1,500,000)
African/American Health Conference	(100,000)	(100,000)
Pregnancy Support Services for Higher Education	(200,000)	(200,000)
Children's Respite Care Services	(249,900)	(249,900)
Elementary School Based Health Services	(1,500,000)	(1,500,000)
Bay County Library-Disability Services	(200,000)	(200,000)
Beaver Island Health Clinic	(1,500,000)	(1,500,000)
Nursing Home Liability Insurance Funding Pool	(1,000,000)	(436,400)
Michigan Athletic Institute	(125,000)	(125,000)
<u>Consumer and Industry Services</u>		
Fire Protection Grants	(9,421,000)	(9,421,000)
<u>Family Independence Agency</u>		
Day Care Special Project	(100,000)	0
State Emergency Relief Special Contracts	(100,000)	0
<u>Michigan Strategic Fund</u>		
Southwest Michigan Innovation Center	(3,000,000)	(3,000,000)
Oscoda/Wurtsmith Airport Authority	(1,500,000)	(1,500,000)
<u>School Aid</u>		
Golden Apple Awards	8,000,000	0
Adult Learning Programs	20,000,000	0
<u>State Police</u>		
Secondary Road Patrol Grants	(6,523,200)	(6,523,200)
Bureau of Aeronautics Safety Officer	(21,000)	0
<u>Transportation</u>		
Critical Bridge Program	(24,000,000)	0
Macomb County Bridge Projects	(3,000,000)	0
University Road Improvement Program	(1,000,000)	0
Specific Transportation Projects	(4,750,000)	0
Bureau of Aeronautics Safety Officer	(21,000)	0
<u>Treasury</u>		
Revenue Sharing Grants to Counties	(1,800,000)	0
TOTAL LINE-ITEM VETOES	\$(37,386,100)	\$(28,380,500)

Table F

FEE INCREASES INCLUDED IN ENACTED FY 2001-02 BUDGET		
Department/Budget Area	Type of Fee	Fee Revenue Included in FY 2001-02 Budget
Agriculture	Pesticide Control Fees	\$225,000
Consumer & Industry Services	Fire Safety Inspection Fees	521,700
Environmental Quality	Septage Waste Fees	1,550,000
Natural Resources	Snowmobile Trail Permit Fees	900,000
State Police	Concealed Weapons Application Fees	1,140,000
TOTAL FEE INCREASES		\$4,336,700

Table G

TOBACCO SETTLEMENT APPROPRIATIONS/REVENUES (dollars in millions)	
	FY 2001-02
MERIT AWARD TRUST FUND	
<u>Appropriations</u>	
Community Colleges:	
Postsecondary Access Student Scholarship	\$ 5.0
Higher Education:	
Merit Award Scholarships	125.0
Tuition Incentive Program	5.3
Department of Treasury:	
Michigan Education Assessment Program	16.5
Merit Award Board	2.0
Tuition Incentive Program Administration	0.4
Michigan Education Savings Program	2.0
Transfer to General Fund	\$72.5
Total Merit Award Trust Fund Appropriations	\$228.7
Merit Award Trust Fund Revenues:	
Beginning Balance	3.7
Current Year Revenues	240.8
Trust Fund Interest	5.0
Total Revenues	249.5
MERIT AWARD TRUST FUND BALANCE	\$20.8
TOBACCO SETTLEMENT TRUST FUND	
<u>Appropriations</u>	
Department of Career Development:	
Council of Michigan Foundations	6.0
Department of Community Health:	
Senior Prescription Drug Program	45.0
Personal Needs Allowance	5.0
Long-Term Care Health Advisor	3.0
Respite Care Services	5.0
Local Indigent Medical Care	10.0
Medicaid Base Funding	30.0
Strategic Fund Agency:	
Health Research/Development (Life Sciences)	50.0
Lapse to General Fund	3.0
Total Tobacco Settlement Trust Fund	157.0
Tobacco Settlement Trust Fund Revenues:	
Beginning Balance	89.9
Current Year Revenues	80.3
Trust Fund Interest	5.5
Total Revenues	175.7
TOBACCO SETTLEMENT TRUST FUND BALANCE	\$18.7

Table H

FY 2001-02 GENERAL FUND/GENERAL PURPOSE REVENUES, EXPENDITURES AND YEAR-END BALANCE (millions of dollars)	
	SFA Estimate
REVENUES:	
Beginning Balance	\$ 0.0
Baseline Revenue Estimate	10,043.7
Nonbaseline Revenue Adjustments	(773.4)
Merit Award Trust Fund Transfer	72.5
Tobacco Settlement Trust Fund Transfer	3.0
Revenue Sharing Increase-1.5%	50.0
Tax Amnesty Program	20.4
Treasury Technology-Delinquent Tax Revenue	2.5
Budget Stabilization Fund Withdrawal (PA 112 of 2001)	155.0
TOTAL REVENUES	\$9,573.7
EXPENDITURES:	
GF/GP Appropriations	\$9,367.1
School Aid GF/GP Grant (PA 297 of 2000)	205.6
TOTAL EXPENDITURES	\$9,572.7
PROJECTED YEAR-END BALANCE	\$ 1.0

Table I

FY 2001-02 SCHOOL AID FUND REVENUES, EXPENDITURES AND YEAR-END BALANCE (millions of dollars)	
	SFA Estimate
REVENUES:	
Beginning Balance	\$ 568.5
Baseline Consensus Revenue Estimate	10,491.3
Nonbaseline Revenue Adjustments	(36.6)
General Fund/General Purpose	205.6
Budget Stabilization Fund Withdrawal	32.0
Federal Aid	203.0
TOTAL AVAILABLE REVENUES	\$11,463.8
EXPENDITURES:	
Original Appropriation (PA 297 of 2000)	\$11,521.0
Pending Supplemental Appropriation (PA 121 of 2001)	(62.8)
TOTAL EXPENDITURES	\$11,458.2
PROJECTED YEAR-END BALANCE	\$ 5.6

Table J

FULL-TIME EQUATED POSITIONS FY 2000-01 VERSUS FY 2001-02				
Department/Budget Area	FY 2000-01 Year-to-Date Positions	FY 2001-02 Year-to-Date Positions	Position Change	Percent Change
Agriculture	660.5	647.5	(13.0)	(2.0)%
Attorney General	595.0	595.0	0.0	0.0
Career Development	1,139.0	1,141.0	2.0	0.0
Civil Rights	166.5	166.5	0.0	0.0
Civil Service	230.5	230.5	0.0	0.0
Community Colleges	0.0	0.0	0.0	0.0
Community Health	6,258.1	6,201.1	(57.0)	(0.9)
Consumer and Industry Services	4,182.4	4,178.4	(4.0)	(0.1)
Corrections	19,768.8	19,390.5	(378.3)	(1.9)
Education	457.6	455.0	(2.6)	(0.6)
Environmental Quality	1,631.7	1,672.7	41.0	2.5
Executive	75.0	75.0	0.0	0.0
Family Independence Agency	13,499.6	13,499.6	0.0	0.0
Higher Education	1.0	1.0	0.0	0.0
History, Arts, and Libraries	0.0	0.0	0.0	0.0
Judiciary	590.5	591.5	1.0	0.2
Legislative Auditor General*	0.0	0.0	0.0	0.0
Legislature	0.0	0.0	0.0	0.0
Library of Michigan	0.0	0.0	0.0	0.0
Management & Budget	961.5	919.5	(42.0)	(4.4)
Military and Veteran Affairs	1,081.0	1,083.5	2.5	0.2
Natural Resources (Operations)	2,239.5	2,177.5	(62.0)	(2.8)
School Aid	0.0	0.0	0.0	0.0
State	2,048.0	1,973.3	(74.7)	(3.6)
State Police	3,618.5	3,648.5	30.0	0.8
Strategic Fund Agency	235.0	234.0	(1.0)	(0.4)
Transportation	3,176.3	3,176.3	0.0	0.0
Treasury (Operations)	1,986.5	1,995.5	9.0	0.5
TOTAL POSITIONS	64,602.5	64,053.4	(549.1)	(0.8)%
* The appropriation for the Legislative Auditor General is transferred to a line item under the Legislature.				

Figure 5

Full-Time Equated Positions FY 2001-02 Enacted Appropriations

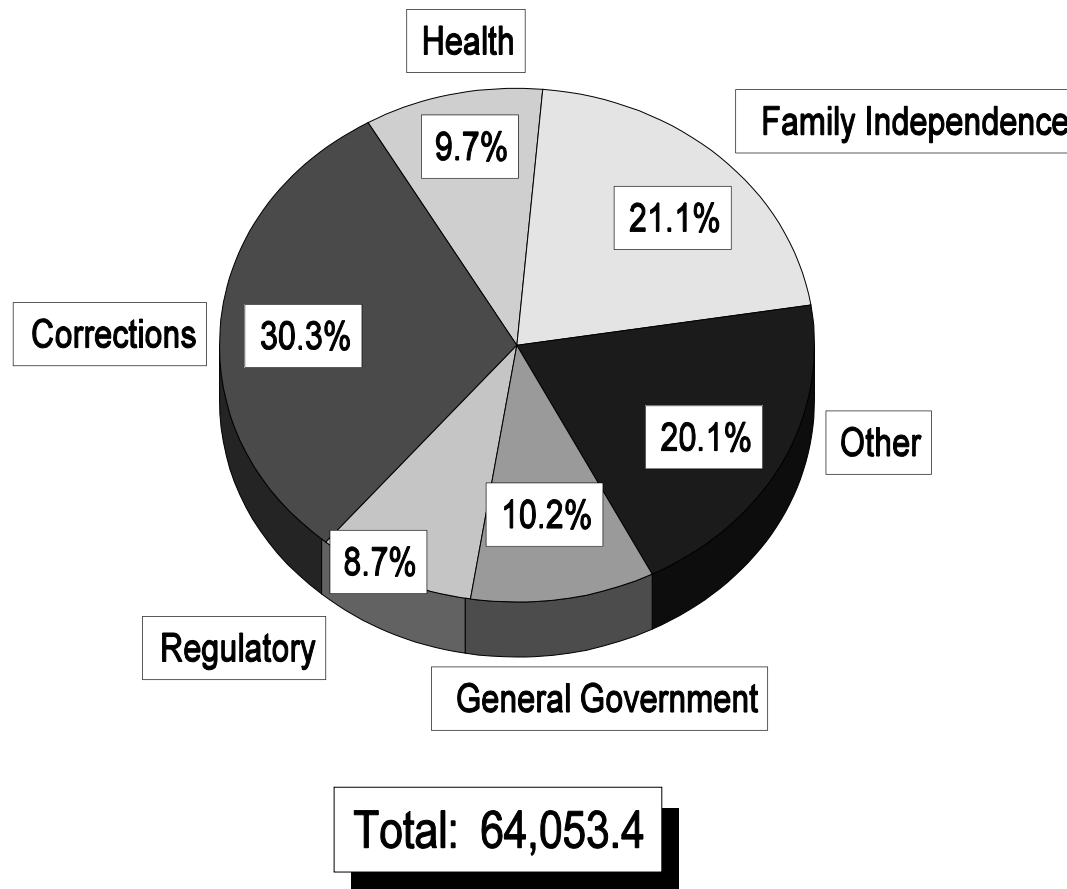


Table K

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT ARTICLE IX, SECTION 30 REQUIREMENT (Millions of Dollars)		
	2000-01 Estimate	2001-02 Estimate
State Spending from State Resources ¹⁾	\$25,715.3	\$26,227.5
Required Payments to Local Units of Government (48.97%)	\$12,592.8	\$12,843.6
Estimated Payments to Local Units of Government	\$15,329.6	\$15,825.9
Estimated Payments as a Percentage of Total State Spending	59.61%	60.34%
Surplus of Section 30 Payments	\$2,736.8	\$2,982.3
¹⁾ Excludes \$45.0 million of unrestricted Federal aid.		

Table L

STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT FY 2000-01 VERSUS FY 2001-02 (Actual Dollars)				
Department/Budget Area	FY 2000-01 Year-to- Date Appropriations	FY 2001-02 Year-to- Date Appropriations	Dollar Difference	Percent Change
Agriculture	\$4,500,000	\$4,534,400	\$34,400	0.8
Attorney General	0	0	\$0	0.0
Capital Outlay	63,496,500	28,125,000	(35,371,500)	(55.7)
Career Development	0	0	0	0.0
Civil Rights	0	0	0	0.0
Civil Service	0	0	0	0.0
Community Colleges	315,011,719	319,596,319	4,584,600	1.5
Community Health	1,027,454,000	997,238,400	(30,215,600)	(2.9)
Consumer and Industry Services	33,921,000	12,500,000	(21,421,000)	(63.1)
Corrections	81,056,300	81,843,800	787,500	1.0
Education	14,704,400	15,299,200	594,800	4.0
Environmental Quality (Operations)	6,529,900	5,075,000	(1,454,900)	(22.3)
Environmental Quality (CMI Bond)	16,500,000	0	(16,500,000)	(100.0)
Executive	0	0	0	0.0
Family Independence Agency	142,932,000	173,288,400	30,356,400	21.2
Higher Education	4,670,654	4,050,073	(620,581)	0.0
History, Arts, and Libraries	0	15,000,000	15,000,000	0.0
Judiciary	115,265,800	116,832,900	1,567,100	1.4
Legislative Auditor General*	0	0	0	0.0
Legislature	115,265,800	116,832,900	1,567,100	1.4
Library of Michigan	21,783,200	21,271,500	(511,700)	(2.3)
Management & Budget	0	0	0	0.0
Military and Veteran Affairs	120,000	120,000	0	0.0
Natural Resources (Operations)	24,668,700	22,587,900	(2,080,800)	(8.4)
Natural Resources (CMI Bond)	0	0	0	0.0
Natural Resources Trust Fund	22,319,206	19,749,200	(2,570,006)	(11.5)
School Aid	10,465,060,000	10,975,871,600	510,811,600	4.9
State	69,800	69,800	0	0.0
State Police	20,120,300	19,905,000	(215,300)	(1.1)
Strategic Fund Agency	0	21,000,000	21,000,000	0.0
Transportation	1,171,873,500	1,182,055,400	10,181,900	0.9
Treasury (Debt Service)	0	0	0	0.0
Treasury (Operations)	92,271,300	95,222,600	2,951,300	3.2
Treasury (Revenue Sharing)	1,555,500,000	1,577,800,000	22,300,000	1.4
TOTAL APPROPRIATIONS	\$15,315,094,079	\$15,825,869,392	\$510,775,313	3.3%
* The appropriation for the Legislative Auditor General is transferred to a line item under the Legislature.				

Table M

PUBLIC ACT 120 OF 2001 SUPPLEMENTAL APPROPRIATIONS (actual dollars)		
Department/Item	Gross	GF/GP
<u>FY 2000-01 APPROPRIATIONS</u>		
Agriculture		
Agricultural Development Fund	\$5,000,000	\$ 0
Specialty Crop Program	4,084,000	0
Value Added Processing Ethanol	5,000,000	5,000,000
Agricultural Development	250,000	0
Environmental Quality		
Executive Direction	220,000	0
Submerged Log Recovery Program	80,000	0
Higher Education		
Wayne State University-Perinatal Research	3,000,000	0
TOTAL FY 2000-01 APPROPRIATIONS	\$17,634,000	\$5,000,000

Table M (continued)

PUBLIC ACT 120 OF 2001 SUPPLEMENTAL APPROPRIATIONS (actual dollars)		
Department/Item	Gross	GF/GP
FY 2001-02 APPROPRIATIONS		
Career Development		
Focus HOPE	\$ 450,000	\$ 450,000
Community Health		
Cancer Prevention and Control	1,500,000	0
Environmental Quality		
Clean Michigan Initiative	61,014,000	0
Family Independence Agency		
Food Stamp Program	197,800,000	0
State Emergency Relief	610,500	610,500
Budgetary Savings	(610,500)	(610,500)
History, Arts, and Libraries		
Departmental Operations	708,600	708,600
Council for Arts and Cultural Affairs	25,956,600	25,256,600
Arts and Cultural Supplemental Grants	2,500,000	2,500,000
Museum of African/American History	1,000,000	1,000,000
Mackinac Island State Park Commission	3,407,700	1,947,200
Michigan Historical Program	8,303,300	5,246,500
Legislature		
Legislative Council	753,700	753,700
Capitol Building	461,400	461,400
Library of Michigan		
Operations	117,700	117,700
Library and Historical Center Operations	(461,400)	(461,400)
Library Automation	(228,300)	(228,300)
Michigan Strategic Fund		
Capital Access Program	1,000,000	1,000,000
Natural Resources		
Michigan Natural Resources Trust Fund	37,601,200	0
State Police		
Secondary Road Patrol Grants	5,980,000	5,980,000
Treasury		
Michigan Merit Award Administration	(2,500,000)	0
Pari-Mutuel Audits	0	(240,000)
TOTAL FY 2001-02 APPROPRIATIONS	\$345,364,500	\$44,492,000

Table N

PUBLIC ACT 121 OF 2001 SUPPLEMENTAL APPROPRIATIONS (actual dollars)		
Department/Item	Gross	GF/GP
<u>FY 2000-01 APPROPRIATIONS</u>		
School Aid		
Infrastructure Grants	\$(34,000,000)	\$ 0
Proposal A Obligation Payment	(30,000,000)	0
Discretionary Payment	53,000,000	0
School Lunch Programs	500,000	20,100
School Readiness Full-Day Grants	(3,950,000)	(3,950,000)
Small Class Size Program	(3,100,000)	0
Summer School Program	(10,000,000)	0
Coordinating Counseling Services	(8,400,000)	0
Federal Special Education Grants	15,000,000	0
State Special Education Funding	(7,100,000)	0
Career Prep: Advanced Training Academies	(2,000,000)	(2,000,000)
Professional Development	(10,000,000)	0
TOTAL FY 2000-01 APPROPRIATIONS	\$(40,050,000)	\$(5,929,900)

Table N (continued)

PUBLIC ACT 121 OF 2001 SUPPLEMENTAL APPROPRIATIONS (actual dollars)		
Department/Item	Gross	GF/GP
<u>FY 2001-02 APPROPRIATIONS</u>		
School Aid		
Infrastructure Grants	(34,000,000)	0
Proposal A Obligation Payment	(32,900,000)	0
Discretionary Payment	57,200,000	0
Equity Payment	400,000	0
School Lunch Programs	500,000	80,700
At-Risk Program	(5,000,000)	0
Court-Placed Pupils	1,000,000	0
Parent Involvement and Education	(249,900)	(249,900)
School Readiness Full-Day Grants	(25,000,000)	(25,000,000)
Small Class Size Program	(3,100,000)	0
Reading Programs	(12,750,000)	(2,750,000)
Summer School Program	(38,000,000)	0
Coordinating Counseling Services	(10,000,000)	0
Detroit Public Schools Grant	15,000,000	0
Federal Special Education Grants	58,000,000	0
State Special Education Funding	(11,040,000)	0
Gifted and Talented	(1,000,000)	0
Vocational Education Technical Centers	(1,800,000)	(1,800,000)
Career Prep: Advanced Training Academies	(2,000,000)	(2,000,000)
Accreditation Assistance	(2,000,000)	(2,000,000)
Professional Development	(10,000,000)	0
Math and Science Centers	(1,000,000)	0
Adult Education	(5,000,000)	0
TOTAL FY 2001-02 APPROPRIATIONS	(62,739,900)	(33,719,200)

BUDGET AREA DETAIL

**DEPARTMENT OF AGRICULTURE
P.A. 53 of 2001**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	660.5	661.5	647.5	(13.0)	(2.0)
GROSS	120,514,400	99,727,500	100,894,600	(19,619,800)	(16.3)
Less:					
Interdepartmental Grants Received	9,800,800	10,987,700	12,108,100	2,307,300	23.5
ADJUSTED GROSS	110,713,600	88,739,800	88,786,500	(21,927,100)	(19.8)
Less:					
Federal Funds	14,264,500	5,806,100	5,880,000	(8,384,500)	(58.8)
Local and Private	1,121,900	1,121,900	1,121,900	0	0.0
TOTAL STATE SPENDING	95,327,200	81,811,800	81,784,600	(13,542,600)	(14.2)
Less:					
Other State Restricted Funds	43,532,600	34,509,200	38,065,100	(5,467,500)	(12.6)
GENERAL FUND/GENERAL PURPOSE ..	51,794,600	47,302,600	43,719,500	(8,075,100)	(15.6)
PAYMENTS TO LOCALS	4,500,000	4,600,000	4,534,400	34,400	0.8

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

1. Public Act 506 OF 2000

The supplemental contained funding of \$602,700 Gross and 7.0 FTEs associated with the transfer of the Farmland and Open Space Preservation Program from the Michigan Department of Natural Resources to the Michigan Department of Agriculture pursuant to Public Act 421 of 2000.

2. Public Act 81 OF 2001

The supplemental contained a total reduction of \$235,200 Gross and GF/GP in budget savings to reflect the level of available revenue. The savings were applied to salary-related line items only.

3. Public Act 120 OF 2001

a. Value-added Processing Grant: Ethanol

The supplemental contained a \$5,000,000 grant for an ethanol plant to be built in Caro. The budget also included a \$5,000,000 GF/GP appropriation to the Agricultural Development Fund. A separate appropriation of \$5,000,000 Gross from the Agriculture Development Fund was designated for the grant to the ethanol plant, pursuant to the provisions of the Julian-Stille Value-Added Act.

b. Federal Specialty Crop Assistance

The supplemental contained \$3,750,000 in Federal revenue to assist specialty crop growers in Michigan as a result of the FY 2000-01 agriculture supplemental appropriation. Under the Federal legislation, each state received a \$500,000 base grant and an allocation based on the amount of specialty crops grown in that state; Michigan's share was \$3,250,000. In addition to the \$3,750,000, the supplemental contained \$250,000 in Federal revenue for the development of a risk management system for specialty crop growers. The appropriation also included \$334,000 in Federal revenue to provide grants to emergency feeding organizations, pursuant to Federal law.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

B. COOPERATIVE RESOURCES MANAGEMENT INITIATIVE

The FY 2001-02 enacted budget includes funding from the Michigan Department of Natural Resources (MDNR) for the Cooperative Resources Management Initiative, a partnership between the MDNR and the Michigan Department of Agriculture (MDA). Administered by the MDA, the program provides grants to local conservation districts to hire resource professionals Statewide to assist land owners in the management of natural resources. The local conservation districts serve as the primary local contacts for outreach efforts and technical assistance for land owners.

Gross	1,000,000
IDG	1,000,000
GF/GP	0

C. PRIVATELY OWNED CERVIDAE PRODUCERS MARKETING ACT

Funding is included in the budget for the implementation and administration of Public Act (P.A.) 190 of 2000. The Act prohibits a person from engaging in a cervidae (e.g., deer, elk, or moose) livestock operation without obtaining a registration from the MDA. The Act provides for the issuance, renewal, and revocation of a registration and provides the MDA with regulatory and oversight responsibilities for the cervidae livestock industry. This program is funded by the fees authorized in P.A. 190 of 2000.

FTE	1.0
Gross	163,500
Restricted	163,500
GF/GP	0

D. MICHIGAN STATE FAIR

The budget reflects a reduction in spending authorization for the operation of the Michigan State Fair resulting from the new lease agreement for management of the fairgrounds in Detroit. The State entered into a long-term lease with a private development group that will assume responsibility for non-Fair events and annual maintenance of the fairgrounds. The State will continue to use the fairgrounds to run the annual State Fair itself. It is estimated that the lease agreement will provide significant capital investment in the property and result in operational savings associated with non-Fair events. The fairgrounds operated at a loss of nearly \$1,300,000 in FY 1999-2000.

FTE	(12.0)
Gross	(919,700)
Restricted	(919,700)
GF/GP	0

E. HORSE RACING PROGRAMS

The budget replaces \$1,300,000 in Agriculture Equine Industry Development Fund revenue support with casino-related revenue for support of the Office of Racing Commissioner. The Agriculture Equine Industry Development Fund revenue is redirected proportionally to increase funding for various horse racing programs.

Gross	1,300,000
IDG	1,300,000
GF/GP	0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

F. CASINO REVENUE FUNDING SHIFT

The budget contains a \$3,345,300 funding shift to replace General Fund support with casino-related revenue from the State Services Fee Fund. The funding shift was part of the leadership target agreement.

Gross	0
Restricted	3,345,300
GF/GP	(3,345,300)

G. GRANT REDUCTIONS

The budget makes the following GF/GP reductions in grant line items:

premiums - county and state fairs	(93,900)
disease and pest intervention fund	(66,200)
local conservation districts	(65,600)
food bank	(59,600)
migrant labor housing	(54,600)
building and track improvement - county and state fairs	(53,100)
horse shows	(39,900)
grown in Michigan	(5,500)
orchard or vineyard removal	(2,200)

H. RURAL DEVELOPMENT COUNCIL OF MICHIGAN

The Rural Development Council of Michigan (RDCM) is a public/private partnership whose charge is to develop new, collaborative approaches to enhance the future of rural Michiganians. The RDCM is an umbrella organization that continually promotes the membership and active participation of six partner groups: private for-profit and nonprofit interests; local, Federal and State governments; and, Native American tribes. The budget eliminates this program.

FTE	(2.0)
Gross	(216,100)
Federal	(126,100)
GF/GP	(90,000)

I. UNDESIGNATED BUDGETARY SAVINGS

The budget reduces total GF/GP appropriations by \$536,800. Boilerplate language requires this negative appropriation to be implemented at a later date, via legislative transfers, by applying the reductions to specific appropriation line items.

Gross	(536,800)
GF/GP	(536,800)

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

J. FEE INCREASE

The budget includes funding from various anticipated fee increases contained in the Pesticide Control Act (P.A. 451 of 1994) to support enhanced regulatory and oversight activities in the Pesticide Program. Legislation has not yet been introduced to effect these fee increases.

Gross	225,000
Restricted	225,000
GF/GP	0

K. UNCLASSIFIED SALARIES

The budget contains a 2% increase to the salaries of the Department's six unclassified positions. In addition to the increase, the budget also includes a funding shift, replacing an equal amount of General Fund dollars with casino-related revenue from the State Services Fee Fund (\$160,500) to support two positions in the Office of Racing Commissioner.

Gross	9,500
Restricted	161,900
GF/GP	(152,400)

L. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	1,529,000
IDG	12,300
Federal	20,400
Restricted	216,400
GF/GP	1,279,900

Item	Gross	GF/GP
Salaries and wages	\$682,600	\$546,100
Insurance	402,600	274,400
Retirement	(47,600)	(32,000)
Building Occupancy	514,400	514,400
Workers' Compensation	(23,000)	(23,000)
Total	\$1,529,000	\$1,279,900

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

M. OTHER ISSUES

Other changes included in the budget are adjustments to reflect the availability of various Federal and State restricted sources of financing and the appropriate classification of such funding.

Gross	(21,708,600)
IDG	(5,000)
Federal	(8,278,800)
Restricted	(8,659,900)
GF/GP	(4,764,900)

The budget includes \$200,000 in Federal funding to assist the Michigan Sunset Coast Growers Cooperative in the expansion of the Benton Harbor fruit market and a \$50,000 earmark of casino revenue from the State Services Fee Fund for improvements at the Jackson, Mt. Pleasant, and Saginaw race tracks.

A boilerplate provision (Sec. 221) in the budget redirects up to \$750,000 for Michigan turkey growers from the unspent balance of a work project appropriation contained in P.A. 291 of 2000, originally intended for technology enhancements in the Department.

The budget also includes boilerplate authorization (Sec. 707) to spend up to \$5,000,000 from the Agricultural Development Fund for value-added agricultural initiatives consistent with the Julian-Stillie Value-Added Act (P.A. 322 of 2000). The Department is prohibited from spending this funding until the Department of Treasury has certified that the revenue has been received and the State Budget Director has approved an allotment schedule.

Adjustments are included to reflect the FY 2000-01 supplementals totaling \$18,001,500 Gross. The budget also eliminates the one-time funding items included in FY 2000-01 mid-year contingency fund transfers totaling \$4,596,400 Gross.

N. VETOES

1. Michigan Festivals

The Governor vetoed the \$50,000 line item grant, funded by Michigan State Fair revenue, to the Michigan Fairs and Festivals Association for promotion of Michigan events. In his veto message, the Governor indicated that he would direct the Michigan Travel Bureau to work with the Department of Agriculture to integrate festival promotion into its ongoing tourism activities.

2. Milk Vending Machines

The Governor vetoed Section 404, which redirected \$25,000 Gross and GF/GP from the Food and Dairy Division to support milk vending machines at rest areas and school districts in mid-Michigan. The Governor indicated that the interested parties should work with the Department of Agriculture to determine the feasibility of placing milk vending machines in public areas.

	FY 2001-02 Change from FY 2000-01 <u>Year-to-Date</u>
Gross	(25,000)
GF/GP	(25,000)

DEPARTMENT OF ATTORNEY GENERAL
P.A. 83 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	595.0	595.0	595.0	0.0	0.0
GROSS	61,889,064	65,248,100	64,761,100	2,872,036	4.6
Less:					
Interdepartmental Grants Received	9,473,700	9,731,900	9,756,900	283,200	3.0
ADJUSTED GROSS	52,415,364	55,516,200	55,004,200	2,588,836	4.9
Less:					
Federal Funds	7,620,364	7,624,800	7,624,800	4,436	0.1
Local and Private	1,149,200	1,171,600	1,171,600	22,400	1.9
TOTAL STATE SPENDING	43,645,800	46,719,800	46,207,800	2,562,000	5.9
Less:					
Other State Restricted Funds	8,374,800	8,621,900	8,871,900	497,100	5.9
GENERAL FUND/GENERAL PURPOSE ..	35,271,000	38,097,900	37,335,900	2,064,900	5.9
PAYMENTS TO LOCALS	0	0	0	0	0.0

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

Public Act 81 of 2001

The supplemental included \$170,000 in Federal funds for the Department's ongoing technology improvements that were initially funded in an FY 1998-99 supplemental (Public Act 69 of 1999) and in the FY 2000-01 budget (Public Act 276 of 2000). The additional funding will be used to fund part of the costs for operating software, wireless networking, a storage subsystem, and other improvements that will allow the Department continually to maintain and upgrade workstations from a central location. Funds are continued in FY 2001-02.

B. PRIVATE RENT ADJUSTMENT

The FY 2001-02 enacted budget includes funding to reflect additional private space lease costs related to One Michigan Avenue, \$158,300; the Samuel Ingham Building, \$37,100; and the Eyde Parkway, \$214,500. The budget also includes an adjustment of \$127,800 related to utility costs for private leased property.

Gross	537,700
Federal	128,000
GF/GP	409,700

C. ANTITRUST ENFORCEMENT COLLECTIONS

The Legislature increased funding from antitrust enforcement collections to \$550,000 based on workload requirements. New boilerplate language (Section 306) allows the Department to carry forward unobligated antitrust enforcement revenue (limited to \$250,000) for appropriation in the succeeding fiscal year.

Gross	250,000
Restricted	250,000
GF/GP	0

D. MICHIGAN JUSTICE TRAINING FUND (MJTF)

The budget increases MJTF funding for the Prosecuting Attorneys Coordinating Council Training Project, from \$300,000 to \$325,000, based on projected grant awards.

Gross	25,000
Restricted	25,000
GF/GP	0

E. BUDGETARY SAVINGS

The budget includes a negative appropriation (as recommended by the Governor) for budgetary savings that will be attained from a hiring freeze and if necessary, other savings identified by the Department and approved by the State Budget Director pursuant to Section 213 of the General Government Appropriation Act.

Gross	(191,400)
GF/GP	(191,400)

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

F. GENERAL FUND TARGET REDUCTIONS

Gross (762,000)
GF/GP (762,000)

Leadership negotiations on resolution of the FY 2001-02 budget required additional reductions based on the May Consensus Revenue Estimating Conference. The reduction was calculated by reducing the Governor's original General Fund budget recommendation by 2.0%.

G. UNCLASSIFIED SALARIES

Gross 9,200
GF/GP 9,200

The budget increases the line item that funds 5.0 FTE unclassified positions by 2.0%, from \$457,800 to \$467,000.

H. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, retirement, insurance, rent, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross 3,329,100
IDG 268,200
Federal 202,000
Private 22,400
Restricted 247,100
GF/GP 2,589,400

Item	Gross	GF/GP
Salaries	\$782,700	\$425,900
Insurance	425,200	205,000
Retirement (defined benefit)	358,800	272,800
Retirement (defined contribution)	166,700	98,300
Workers' Compensation	(13,300)	(13,300)
Building Occupancy Charges/Rent	1,562,200	1,564,300
CSS&M	46,800	36,400
Total	\$3,329,100	\$2,589,400

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

I. OTHER ISSUES

Other changes include a funding shift from Michigan Transportation Fund revenue to State General Fund support, and a reduction of \$325,564 in Federal funds to reflect FY 2000-01 contingency fund transfers.

Gross	(325,564)
IDG	(10,000)
Federal	(325,564)
GF/GP	10,000

**CAPITAL OUTLAY
P.A. 45 of 2001**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	462,771,100	515,757,700	499,557,700	36,786,600	7.9
Less:					
Interdepartmental Grants Received	7,000,000	7,000,000	7,000,000	0	0.0
ADJUSTED GROSS	455,771,100	508,757,700	492,557,700	36,786,600	8.1
Less:					
Federal Funds	109,361,000	106,332,000	106,332,000	(3,029,000)	(2.8)
Local and Private	18,483,200	26,450,000	27,250,000	8,766,800	47.4
TOTAL STATE SPENDING	327,926,900	375,975,700	358,975,700	31,048,800	9.5
Less:					
Other State Restricted Funds	35,447,200	28,309,000	43,109,000	7,661,800	21.6
GENERAL FUND/GENERAL PURPOSE ..	292,479,700	347,666,700	315,866,700	23,387,000	8.0
PAYMENTS TO LOCALS	63,496,500	28,125,000	28,125,000	(35,371,500)	(55.7)

A. FY 2000-01 SUPPLEMENTAL APPROPRIATION

1. Public Act 506 of 2000

This supplemental Act appropriated \$21,820,500 in additional funds primarily for the continued implementation of the Clean Michigan Initiative. The Act contains \$21,820,000 in restricted revenue for State park infrastructure improvements funded from the Clean Michigan Fund. In addition, five capital outlay construction projects that had previously been authorized for planning, received construction authorization in this Act. These projects are:

Grand Rapids Community College - Main Building Renovations - \$6,000,000
Henry Ford Community College - Classroom Renovations - \$9,856,000
Schoolcraft College - Business and Industry Training Center - \$26,738,000
Ferris State University - Engineering/Technical Center - \$18,000,000
Oakland University - School of Education/Human Services Building - \$31,500,000

2. Public Act 45 of 2001

Public Act 45 contains both the FY 2001-02 appropriations for capital outlay, and an FY 2000-01 supplemental for capital outlay. The supplemental section provided planning authorization for the Michigan Technological University integrated learning/information technology project, and construction authorization for the following projects:

Macomb Community College - Fraser Campus Renovations - \$6,545,000
Northern Michigan University - Student Services Building - \$15,750,000
Northern Michigan University - Fine and Practical Arts Building - \$21,230,000
Saginaw Valley State University - Instructional Facility No. 4 - \$40,000,000
Western Michigan University - Health and Human Services - \$48,170,800
Western Michigan/Lake Michigan College - Southwest Center - \$8,486,000
Department of Management and Budget - Roosevelt Parking Facility - \$6,600,000

The Governor vetoed both projects at Northern Michigan University.

In addition, the Act appropriated additional Federal and local match revenue for 10 airport improvement projects totaling \$11,111,200.

3. Public Act 81 of 2001

This supplemental Act reduced State Building Authority rent appropriations by \$22,336,500, provided five new planning projects, authorized one project for construction, and increased the cost authorization for a Department of Natural Resources project. The planning projects included:

University of Michigan, Ann Arbor - School of Public Health Building
Northwestern Michigan College - West Bay Campus reconstruction
Lake Michigan College - Van Buren Center
Southwestern Michigan College - Instructional Resources Center
Mid Michigan Community College - Student Assessment Center

The Governor vetoed the project for the University of Michigan.

The construction authorization was for Delta College - General Campus Renovations totaling \$18,000,000. The Department of Natural Resources Fish Hatcheries Renovations project was increased by \$2,000,000 from General Fund revenue.

B. STATE AGENCY SPECIAL MAINTENANCE

Gross	(9,507,000)
GF/GP	(9,507,000)

The Governor originally recommended \$25,148,700 (an increase of \$148,700) for State agency special maintenance projects. The Legislature reduced this amount by \$9,655,700 as a result of legislative leadership budget agreements to accommodate reduced State revenues.

C. FARMLAND AND OPEN SPACE

Gross	0
Restricted	0
GF/GP	0

The Legislature concurred in the Governor's recommendation to continue the \$5,000,000 appropriation for the Farmland and Open Space program in the Department of Agriculture.

D. DEPARTMENT OF MILITARY AFFAIRS

Gross	(4,720,300)
Federal	(5,650,000)
Restricted	60,000
GF/GP	869,700

The appropriation reflects a one-time reduction for the Midland organization maintenance shop (\$4,500,000) and provides increased General Fund support for armory maintenance projects at armories, training sites, and veterans' facilities to offset, in part, the loss of Federal revenue.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

E. DEPARTMENT OF NATURAL RESOURCES

The Legislature concurred in the Governor's recommendation to provide \$3,300,000 for State park improvements and maintenance, \$5,350,000 for wildlife habitat development, and \$21,539,000 for a number of marina, harbor, dock and boating access site improvement projects at facilities statewide.

Gross	11,996,800
Restricted	11,996,800
GF/GP	0

F. DEPARTMENT OF TRANSPORTATION

The Governor recommended and the Legislature concurred in a slight decrease in funding for routine maintenance and construction projects for maintenance and storage facilities operated by the Department of Transportation. Also included in the enacted budget is construction authorization for the Coldwater welcome center (\$2,750,000), funding for new project offices at Brighton, Cadillac, and Taylor, and planning grants for welcome centers at St Ignace, Monroe, and Dundee.

Gross	(170,000)
Restricted	(170,000)
GF/GP	0

G. AERONAUTICS - AIRPORT IMPROVEMENT PROJECTS

The enacted budget includes \$152,722,000 for airport improvement projects at over 90 local airports statewide, including \$20,000,000 for continuation of the Northwest Airlines Midfield terminal project at Detroit Metro Airport, and \$1,000,000 for projects at Detroit Willow Run airport.

Gross	11,962,800
Federal	(245,000)
Local	7,516,800
Restricted	0
GF/GP	4,700,000

H. STATE BUILDING AUTHORITY RENT (DEBT SERVICE)

The single largest General Fund increase in the budget is for rent payments to the State Building Authority to be used to make debt service payments for past building projects for State agencies, colleges and universities. The Legislature reduced the recommendation by \$20,000,000 from \$305,824,000 to \$285,824,000 due to delays in the anticipated completion of a number of projects and to meet the reduced appropriation targets.

Gross	29,225,900
Federal	1,700,000
Restricted	(1,800,000)
GF/GP	29,325,900

I. NEW PLANNING AND CONSTRUCTION AUTHORIZATIONS

The Governor's recommendation contained no new planning or construction authorizations. The Legislature included a number of new planning and construction projects in three separate supplemental bills described in Item A.

Gross	(2,001,600)
GF/GP	(2,001,600)

DEPARTMENT OF CAREER DEVELOPMENT
P.A. 80 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	1,139.0	1,141.0	1,141.0	2.0	0.2
GROSS	533,185,600	528,622,900	529,824,500	(3,361,100)	(0.6)
Less:					
Interdepartmental Grants Received	1,048,000	1,048,000	1,048,000	0	0.0
ADJUSTED GROSS	532,137,600	527,574,900	528,776,500	(3,361,100)	(0.6)
Less:					
Federal Funds	473,677,200	462,732,600	463,699,900	(9,977,300)	(2.1)
Local and Private	17,633,200	17,374,500	17,374,500	(258,700)	(1.5)
TOTAL STATE SPENDING	40,827,200	47,467,800	47,702,100	6,874,900	16.8
Less:					
Other State Restricted Funds	10,495,800	11,444,500	11,444,500	948,700	9.0
GENERAL FUND/GENERAL PURPOSE ..	30,331,400	36,023,300	36,257,600	5,926,200	19.5
PAYMENTS TO LOCALS	0	0	0	0	0.0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

Public Act 81 of 2001

The supplemental reduced the GF/GP appropriation by \$127,200 from the Unclassified Salaries, Employment Training Services, and Michigan Community Service Commission Subgrantees line items.

B. FOCUS HOPE

Gross	50,000
GF/GP	50,000

The FY 2001-02 enacted budget includes an increase in the GF/GP grant for this program. The FY 1999-2000 supplemental appropriation provided a \$500,000 increase which was to be carried forward into FY 2000-2001. The funding is used for general operating costs. This places the annual grant at \$5.5 million.

C. WELFARE-TO-WORK PROGRAM

Gross	15,000,000
Federal	10,000,000
GF/GP	5,000,000

The budget includes a change in the funding for this program. In FY 1997-98, an approved transfer allowed the Department to receive U.S. Department of Labor matching dollars that would be used to support Welfare-to-Work programs targeted at noncustodial parents whose children were receiving Temporary Assistance for Needy Families (TANF) funding and for those welfare recipients who had met the 30-month time limit on cash assistance but still had not successfully entered the work force. In FY 1999-2000 the State did not participate in this Federal program as the restrictions placed on the funding made it difficult to find eligible participants; instead, the State used TANF funding to create a more lenient program. The appropriation will allow the Department to participate in this program again and will put up a cash match to receive the Federal dollars.

D. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES FUNDING

Gross	(15,000,000)
Federal	(15,000,000)

As stated above, the Department will participate in the U.S. Department of Labor program to provide services to noncustodial parents and those unable to find employment within the 30-month time limit. An adjustment therefore is being made to reduce the equivalent amount of TANF funding.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

E. INDEPENDENT LIVING CENTERS

Gross	50,000
GF/GP	50,000

The budget includes an increase for this line. These centers provide advocacy and other services to individuals with disabilities to promote their living independently. The total General Fund grant is \$2.2 million.

F. ADULT EDUCATION LEARNING GRANTS

Gross	225,000
GF/GP	225,000

A new appropriation will be allocated to three groups in southeastern Michigan to provide adult education services. The funding will be distributed to: Jewish Vocational Services (\$100,000); the Arab American & Chaldean Council (\$75,000); and the Arab Community Center for Economic and Social Services (\$50,000).

G. BUDGETARY SAVINGS

Gross	(149,300)
GF/GP	(149,300)

The budget reduces departmentwide GF/GP appropriations by 2.5% from the Governor's original recommendation. The majority of these reductions were achieved by not including GF/GP economic increases originally recommended for most of the Administrative line items. The balance was achieved through additional reductions in the Administrative line items and the Michigan Community Service Commission Subgrantees line.

H. PROGRAM TRANSFERS

FTE	2.0
Gross	211,300
GF/GP	211,300

Pursuant to Executive Order 2000-5, the Commission on Spanish Speaking Affairs has been transferred from the Department of Civil Rights.

I. ECONOMIC ADJUSTMENTS

Gross	2,132,200
Federal	1,350,800
Local	15,400
Restricted	676,800
GF/GP	89,200

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

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Item	Gross	GF/GP
Salaries and Wages	\$973,600	\$52,000
Insurance	479,700	0
Retirement	364,400	0
Other	314,500	37,200
Total	\$2,132,200	\$89,200

J. OTHER ISSUES

The bill includes adjustments for various Federal, private, and restricted fund sources.

Gross	(6,330,300)
Federal	(6,328,100)
Private	(274,100)
Restricted	271,900

K. FY 2001-02 SUPPLEMENTAL APPROPRIATIONS

Public Act 120 of 2001

The Act included additional funding to FOCUS:HOPE for FY 2001-02. This increase is consistent with the appropriation from the previous year. This brings the total for the annual grant to \$6.0 million.

Gross	450,000
GF/GP	450,000

DEPARTMENT OF CIVIL RIGHTS
P.A. 83 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	166.5	166.5	166.5	0.0	0.0
GROSS	15,200,900	15,824,800	15,527,000	326,100	2.1
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	15,200,900	15,824,800	15,527,000	326,100	2.1
Less:					
Federal Funds	934,000	934,000	934,000	0	0.0
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	14,266,900	14,890,800	14,593,000	326,100	2.3
Less:					
Other State Restricted Funds	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE ..	14,266,900	14,890,800	14,593,000	326,100	2.3
PAYMENTS TO LOCALS	0	0	0	0	0.0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

Public Act 81 of 2001

The supplemental includes a 0.5% GF/GP reduction in order to meet reduced revenue estimates. The Act removed \$71,600 from the Operations line item.

B. UNDESIGNATED BUDGETARY SAVINGS

Gross	(74,800)
GF/GP	(74,800)

The FY 2001-02 enacted budget includes a recommendation to reduce departmentwide GF/GP appropriations by 0.5%. This negative appropriation will be implemented at a later date by specific reductions in the appropriation line items within the Department.

C. PROGRAM TRANSFERS

Gross	(211,300)
GF/GP	(211,300)

The budget includes a transfer of the Spanish Speaking Affairs Commission to the Department of Career Development. This transfer implements Executive Order 2000-5 issued on March 10, 2000.

D. 2% GENERAL FUND REDUCTION

Gross	(297,800)
GF/GP	(297,800)

In order to meet reduced revenue estimates, a 2% GF/GP reduction is taken from the Operations line item.

E. UNCLASSIFIED SALARIES

Gross	7,500
GF/GP	7,500

The budget increases the line item that funds 5.0 FTE unclassified positions by \$7,500 from \$374,100 to \$381,600. Economic increases for this line amount to a 2% increase over the FY 2000-01 appropriation.

F. ECONOMIC ADJUSTMENTS

Gross	830,900
GF/GP	830,900

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

**FY 2001-02
Change from
FY 2000-01
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Item	Gross	GF/GP
Salaries and Wages	\$174,100	\$174,100
Insurance	99,100	99,100
Workers' Compensation	11,800	11,800
Building Occupancy Charges/Rent	547,200	547,200
Retirement	(1,300)	(1,300)
Total	\$830,900	\$830,900

G. OTHER ISSUES

Gross	71,600
GF/GP	71,600

The budget includes adjustments for items contained in the supplemental appropriations for FY 2000-01.

DEPARTMENT OF CIVIL SERVICE
P.A. 83 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	230.5	230.5	230.5	0.0	0.0
GROSS	33,560,600	30,878,100	30,649,200	(2,911,400)	(8.7)
Less:					
Interdepartmental Grants Received	3,300,000	3,300,000	3,300,000	0	0.0
ADJUSTED GROSS	30,260,600	27,578,100	27,349,200	(2,911,400)	(9.6)
Less:					
Federal Funds	4,779,100	4,779,100	4,779,100	0	0.0
Local and Private	1,850,000	1,850,000	1,850,000	0	0.0
TOTAL STATE SPENDING	23,631,500	20,949,000	20,720,100	(2,911,400)	(12.3)
Less:					
Other State Restricted Funds	11,257,600	9,502,900	9,502,900	(1,754,700)	(15.6)
GENERAL FUND/GENERAL PURPOSE ..	12,373,900	11,446,100	11,217,200	(1,156,700)	(9.3)
PAYMENTS TO LOCALS	0	0	0	0	0.0

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

Public Act 81 of 2001

1. **Budgetary Savings.** The supplemental includes a 0.5% GF/GP reduction in order to meet reduced revenue estimates. The Act removed \$56,000 from the Operations line item.
2. **Human Resources Management Network (HRMN).** Supplemental funding of \$3,211,000 Gross, \$1,211,000 GF/GP is included to support the continuing implementation of HRMN.

B. STATE OFFICERS COMPENSATION COMMISSION (SOCC) ETHICS BOARD

Gross	(15,000)
GF/GP	(15,000)

The FY 2001-02 enacted budget removes funding for the SOCC since the Commission will not meet in FY 2001-02.

C. UNDESIGNATED BUDGETARY SAVINGS

Gross	(57,500)
GF/GP	(57,500)

The budget reduces departmentwide GF/GP appropriations by 0.5%. This negative appropriation will be implemented at a later date by specific reductions in the appropriation line items within the Department.

D. 2% GENERAL FUND REDUCTION

Gross	(228,900)
GF/GP	(228,900)

In order to meet reduced revenue estimates, a 2% GF/GP reduction is taken from the Operations line item.

E. ECONOMIC ADJUSTMENTS

Gross	545,000
Restricted	245,300
GF/GP	299,700

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

Item	Gross	GF/GP
Salaries and Wages	\$240,000	\$120,000
Insurance	124,500	62,300
Retirement	118,600	59,300
Building Occupancy Charges	54,400	54,400
Workers' Compensation	7,500	3,700
Total	\$545,000	\$299,700

F. OTHER ISSUES

The budget includes adjustments for items contained in supplemental appropriations for FY 2000-01.

Gross	(3,155,000)
Restricted	(2,000,000)
GF/GP	(1,155,000)

COMMUNITY COLLEGES
P.A. 52 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	325,011,719	331,196,319	324,596,319	(415,400)	(0.1)
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	325,011,719	331,196,319	324,596,319	(415,400)	(0.1)
Less:					
Federal Funds	0	0	0	0	0.0
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	325,011,719	331,196,319	324,596,319	(415,400)	(0.1)
Less:					
Other State Restricted Funds	10,000,000	10,000,000	5,000,000	(5,000,000)	0.0
GENERAL FUND/GENERAL PURPOSE ..	315,011,719	321,196,319	319,596,319	4,584,600	1.5
PAYMENTS TO LOCALS	315,011,719	321,196,319	319,596,319	4,584,600	1.5

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A. OPERATIONS

Gross	4,617,731
GF/GP	4,617,731

The Governor recommended a \$6,217,731 or 2.0% base funding increase for community college operations. This was distributed as 1.0% across-the-board to each college and 1.0% according to the Gast-Mathieu fairness in funding formula. The House concurred in the Governor's recommendation. The Senate-passed budget provided a \$15,881,028 or 5.1% increase for college operations distributed as 3.0% across-the-board and 2.1% through the formula. The Senate version assumed savings from the repeal of the Tuition Tax Credit of \$4,663,298, and used \$5,000,000 from the Merit Award Trust Fund originally recommended for the PASS program. The Conference Committee accepted the legislative leadership target agreement increase of a \$4,617,731 or 1.5% and distributed the increase as 1.0% across-the-board, and 0.5% by formula. The distribution of FY 2001-02 operating funds for each college is detailed in Table 1.

B. TUITION TAX CREDIT REPEAL

The Governor's budget message to the Legislature indicated that if the Legislature repealed the Tuition Tax Credit, then Community Colleges could expect to receive an additional 1.7% increase or \$5,166,447 in their base operational funding. The Senate-passed version of the bill appropriated the 1.7% and assumed passage of the repeal. The enacted version of the bill makes a contingency appropriation in boilerplate that will occur only if the Tuition Tax Credit is repealed. The distribution of this contingency appropriation is detailed in Table 1.

C. POSTSECONDARY ACCESS STUDENT SCHOLARSHIP (PASS)

Gross	(5,000,000)
Restricted	(5,000,000)
GF/GP	0

The Governor recommended continuation funding for the Postsecondary Access Student Scholarship (PASS) program. The program aims to provide free college tuition for eligible participants by financing the difference between tuition and all other scholarships and grants for qualifying students. The program is financed from the Merit Award Trust Fund, which was created from the Tobacco Settlement Trust Fund. The House raised the PASS program eligibility age from 22 to 26 years of age. The Senate eliminated all age restrictions, removed the PELL grant as a form of financial aid to be subtracted before a PASS award, and included a provision to allow colleges to impute the value of a Federal HOPE credit. The Conference Committee accepted the age removal, and the HOPE credit calculation option, but restored the PELL provision. In addition, pursuant to legislative leadership target agreements, the funding for the program was reduced from \$10,000,000 to \$5,000,000.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

D. RENAISSANCE ZONE/TAX INCREMENT FINANCE AUTHORITY REIMBURSEMENTS

Gross	(33,131)
GF/GP	(33,131)

Both the House and the Senate concurred with the Governor to provide a slight reduction for this program which reimburses community colleges for property tax revenue loss, as required by law, due to the establishment of a Renaissance Zone in a college's district. The reduction was in part made to bring the appropriation in line with expected expenditures. The enacted bill includes the recommendation of the House and Senate to provide \$400,000 for this program.

E. AT RISK STUDENT SUCCESS PROGRAM

Gross	0
GF/GP	0

This program is designed to address the needs of students who test at a level that indicates that they will have difficulty achieving academic success at the postsecondary level. The House and Senate concurred in the Governor's recommendation to provide continuation level funding for this program at \$3,692,103 with funds distributed based on the existing program formula.

Table 1
FY 2001-2002 COMMUNITY COLLEGE APPROPRIATIONS

College	A	B	C	D	E	F	G	H	I	J	K
	Current Year Approp.	Governor (a) Approp.	% Inc.	House (a) Approp.	% Inc.	Senate (b) Approp.	% Inc.	Enacted (c) Approp.	% Inc.	Repeal Tuition Tax Credit (d) Approp.	% Inc.
Alpena	5,231,386	5,341,642	2.1%	5,341,642	2.1%	5,511,146	5.3%	5,311,973	1.5%	90,869	1.7%
Bay de Noc	5,034,112	5,177,657	2.9%	5,177,657	2.9%	5,382,745	6.9%	5,129,944	1.9%	112,375	2.2%
Delta	14,608,257	14,877,462	1.8%	14,877,462	1.8%	15,305,074	4.8%	14,813,864	1.4%	227,253	1.6%
Glen Oaks	2,434,150	2,513,841	3.3%	2,513,841	3.3%	2,624,550	7.8%	2,485,512	2.1%	61,189	2.5%
Gogebic	4,315,860	4,371,328	1.3%	4,371,328	1.3%	4,471,850	3.6%	4,365,123	1.1%	51,482	1.2%
Grand Rapids	18,448,891	18,633,380	1.0%	18,633,380	1.0%	19,002,358	3.0%	18,633,380	1.0%	184,489	1.0%
Henry Ford	22,296,069	22,863,124	2.5%	22,863,124	2.5%	23,787,975	6.7%	22,708,494	1.8%	481,326	2.2%
Jackson	12,434,747	12,559,094	1.0%	12,559,094	1.0%	12,857,082	3.4%	12,570,441	1.1%	139,821	1.1%
Kalamazoo Valley	12,554,684	13,054,081	4.0%	13,054,081	4.0%	13,564,412	8.0%	12,825,971	2.2%	324,287	2.6%
Kellogg	9,883,088	10,176,902	3.0%	10,176,902	3.0%	10,592,498	7.2%	10,076,975	2.0%	228,455	2.3%
Kirtland	3,023,951	3,062,888	1.3%	3,062,888	1.3%	3,133,019	3.6%	3,058,415	1.1%	36,000	1.2%
Lake Michigan	5,322,074	5,474,861	2.9%	5,474,861	2.9%	5,690,968	6.9%	5,423,461	1.9%	118,904	2.2%
Lansing	31,686,670	32,453,297	2.4%	32,453,297	2.4%	33,590,790	6.0%	32,223,042	1.7%	616,198	1.9%
Macomb	33,986,564	34,440,559	1.3%	34,440,559	1.3%	35,243,224	3.7%	34,381,003	1.2%	414,285	1.2%
Mid Michigan	4,501,743	4,627,904	2.8%	4,627,904	2.8%	4,809,077	6.8%	4,586,420	1.9%	99,100	2.2%
Monroe	4,378,640	4,504,295	2.9%	4,504,295	2.9%	4,682,875	6.9%	4,462,223	1.9%	98,056	2.2%
Montcalm	3,189,079	3,234,506	1.4%	3,234,506	1.4%	3,313,246	3.9%	3,227,530	1.2%	40,836	1.3%
Mott	16,053,265	16,373,988	2.0%	16,373,988	2.0%	16,872,217	5.1%	16,291,459	1.5%	266,436	1.7%
Muskegon	9,143,771	9,309,644	1.8%	9,309,644	1.8%	9,574,140	4.7%	9,271,134	1.4%	140,427	1.5%
North Central	3,099,734	3,150,286	1.6%	3,150,286	1.6%	3,233,910	4.3%	3,140,212	1.3%	43,926	1.4%
Northwestern	9,307,774	9,524,786	2.3%	9,524,786	2.3%	9,844,664	5.8%	9,460,166	1.6%	173,962	1.9%
Oakland	21,473,255	21,687,988	1.0%	21,687,988	1.0%	22,117,453	3.0%	21,687,988	1.0%	214,733	1.0%
St. Clair	7,176,573	7,282,036	1.5%	7,282,036	1.5%	7,462,550	4.0%	7,264,610	1.2%	93,954	1.3%
Schoolcraft	12,553,717	12,781,091	1.8%	12,781,091	1.8%	13,145,294	4.7%	12,728,740	1.4%	193,019	1.5%
Southwestern	6,705,122	6,896,360	2.9%	6,896,360	2.9%	7,169,825	6.9%	6,832,843	1.9%	149,785	2.2%
Washtenaw	12,642,980	13,112,716	3.7%	13,112,716	3.7%	13,751,262	8.8%	12,937,228	2.3%	355,277	2.8%
Wayne County	17,053,189	17,223,721	1.0%	17,223,721	1.0%	17,564,785	3.0%	17,223,721	1.0%	170,532	1.0%
West Shore	2,347,140	2,394,779	2.0%	2,394,779	2.0%	2,468,524	5.2%	2,382,344	1.5%	39,471	1.7%
Subtotal Operations	\$310,886,485	\$317,104,216	2.0%	\$317,104,216	2.0%	\$326,767,513	5.1%	\$315,504,216	1.5%	\$5,166,447	1.7%
At Risk	3,692,103	3,692,103	0.0%	3,692,103	0.0%	3,692,102		3,692,103	0.0%		
Renaissance Zone	433,131	400,000	-7.6%	400,000	-7.6%	400,001	-7.6%	400,000	-7.6%		
PASS Program	10,000,000	10,000,000	0.0%	10,000,000	0.0%	5,000,000	-50.0%	5,000,000	-50.0%		
Total Gross	\$325,011,719	\$331,196,319	1.9%	\$331,196,319	1.9%	\$335,859,616	3.3%	\$324,596,319	-0.1%		
Merit Award - PASS	10,000,000	10,000,000	0.0%	10,000,000	0.0%	5,000,000	-50.0%	5,000,000	-50.0%		
Merit Award - Operations	0	0	0.0%	0	0.0%	5,000,000	N/A	0	N/A		
Total GF/GP	\$315,011,719	\$321,196,319	2.0%	\$321,196,319	2.0%	\$325,859,616	3.4%	\$319,596,319	1.5%		

(a) Distributed as 1.0% across the board, and 1.0% by formula.

(b) Distributed as 3.0% across the board, and 2.1 % by formula. \$5.0 million for operations funded from the Merit Award Trust. Assumes repeal of Tuition Tax Credit (\$4,663,298 or 1.5%).

(c) Public Act 52 of 2001. Distributed as 1.0% across the board, and 0.5% by formula.

(d) Additional appropriation allocated in boilerplate contingent on the repeal of the Tuition Tax Credit; 1.0% across the board, 0.7% by formula.

DEPARTMENT OF COMMUNITY HEALTH
P.A. 60 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	6,258.1	6,201.1	6,201.1	(57.0)	(0.9)
GROSS	8,590,558,600	8,684,772,500	8,662,003,200	71,444,600	0.8
Less:					
Interdepartmental Grants Received	72,087,300	74,507,400	74,507,400	2,420,100	3.4
ADJUSTED GROSS	8,518,471,300	8,610,265,100	8,587,495,800	69,024,500	0.8
Less:					
Federal Funds	4,496,675,200	4,582,010,500	4,463,831,900	(32,843,300)	(0.7)
Local and Private	962,616,100	967,211,600	1,126,837,500	164,221,400	17.1
TOTAL STATE SPENDING	3,059,180,000	3,061,043,000	2,996,826,400	(62,353,600)	(2.0)
Less:					
Other State Restricted Funds	385,623,800	375,474,200	350,864,500	(34,759,300)	(9.0)
GENERAL FUND/GENERAL PURPOSE ..	2,673,556,200	2,685,568,800	2,645,961,900	(27,594,300)	(1.0)
PAYMENTS TO LOCALS	1,027,454,000	988,019,800	997,238,400	(30,215,600)	(2.9)

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

Public Act 81 of 2001

The supplemental appropriation reduces the Department of Community Health (DCH) budget by \$13,435,000 GF/GP, mainly by removing excess authorization in administrative accounts across the entire Department. In addition, the \$1,500,000 in Healthy Michigan Funds that was mistakenly removed from the Smoking Prevention line was restored. The net effect of these actions is an \$11,935,000 reduction to the DCH budget.

B. GENERAL ISSUES

1. Medicaid Match Rate Change

The enacted FY 2001-02 budget includes a GF/GP savings due to the increase in the Federal Medicaid match rate from 56.18% to 56.36%.

Gross	0
Federal	12,005,700
GF/GP	(12,005,700)

2. Healthy Michigan Fund (HMF)

The budget reflects the reduced availability of Healthy Michigan Fund dollars. Given this, significant reductions were made to many programs financed with HMF revenue. The budget does restore many of these reductions through the use of GF/GP revenue, and includes a nearly \$3,000,000 GF/GP increase for smoking prevention programs.

Gross	(1,111,900)
Restricted	(10,225,000)
GF/GP	9,113,100

3. Budgetary Savings

The budget includes a new unit for unspecified "budgetary savings" equaling 0.5% of the total GF/GP appropriation in the Department of Community Health budget.

Gross	(13,722,400)
Federal	0
GF/GP	(13,722,400)

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

C. MENTAL HEALTH ISSUES

1. Removal of “Spend Downs” from Community Mental Health (CMH) Medicaid Capitation

Gross	0
Federal	0
GF/GP	0

The budget reflects the removal of Medicaid mental health capitation payments for “spend down” individuals who were not eligible for Medicaid in the month when the payment was made. The budget also reflects the April 2001 shift from a retrospective payments system to a prospective payments system for persons found to be retroactively eligible for Medicaid. After these two adjustments were made, the capitation rates were recalculated to ensure that the net funding, caseload being held constant, would remain the same.

2. CMH Medicaid Caseload and Case Mix Adjustment

Gross	6,313,800
Federal	591,000
GF/GP	5,722,800

The budget reflects the estimated increase in Medicaid expenditures due to a rise in both overall Medicaid caseload and the number of higher-cost eligible individuals (case mix).

3. Use of Alternative Funds for CMH Medicaid Rate Increase

Gross	0
Federal	0
GF/GP	0

The budget includes language that allows CMHs, under certain circumstances, to use non-GF/GP funds to serve as matching amounts to receive Medicaid capitation rate increases.

4. State Facilities

FTE	(49.0)
Gross	(914,200)
Federal	5,437,400
Local	(706,500)
Restricted	(5,645,100)
GF/GP	0

The budget assumes a slight change in the census at State-run mental health facilities, with adjustments in the amount of funding and staff paid for by the CMHs to cover the cost of placement decisions.

**FY 2001-02
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FY 2000-01
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D. LOCAL PUBLIC HEALTH OPERATIONS

The budget does not include the proposed 2% economic increase for this line item.

Gross	0
Federal	0
GF/GP	0

E. MEDICAL SERVICES (MEDICAID)

1. Medicaid Base Funding

The budget includes base adjustments to the major Medicaid accounts and uses \$8,000,000 in Tobacco Settlement funding in the Medicaid base to supplant GF/GP.

Gross	43,783,400
Federal	24,926,300
Local	0
Tobacco	8,000,000
GF/GP	10,857,100

2. Medicaid Special Financing

The budget includes several adjustments to reflect special financing mechanisms that will be available in FY 2001-02.

Gross	49,264,200
Federal	(49,616,900)
Local	148,469,200
Restricted	(49,587,900)
GF/GP	(200)

3. Provider Increases

The budget does not include the proposed 2% inflationary rate increases for the various Medicaid providers. However, \$1,000,000 is included in the ambulance line to be paid as a mileage surcharge for ambulance runs in rural areas made for fee-for-service Medicaid recipients.

Gross	1,000,000
Federal	563,600
Local	0
Restricted	0
GF/GP	436,400

4. Breast and Cervical Cancer

The budget accepts enhanced Federal funding for expanded breast and cervical cancer services.

Gross	976,000
Federal	677,800
GF/GP	298,200

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

5. Pharmaceutical Cost Containment

Over \$28,000,000 in pharmaceutical rebates from the regular Medicaid program are assumed to meet a portion of the GF/GP target reductions as well as to offset pharmacy program costs.

Gross	(28,728,700)
Federal	(16,191,500)
Private	3,512,700
GF/GP	(16,049,900)

6. Elder Prescription Insurance Coverage (EPIC) Program

The budget reflects the enactment of Public Act 499 of 2000, the statute that created the EPIC program, effective October 1, 2001. Funding from the Michigan Emergency Pharmaceutical Program for Seniors (MEPPS) is transferred into the EPIC line to reflect full implementation in FY 2001-02. The budget also assumes \$8,000,000 in rebate revenue.

Gross	11,000,000
Private	8,000,000
Restricted	3,000,000
GF/GP	0

7. Transfer from Medicaid Trust Fund

The budget includes a one-time grant from the Medicaid Trust Fund of \$25,000,000 which increases the amount of funds available for use as a GF/GP substitute.

Gross	0
Restricted	25,000,000
GF/GP	(25,000,000)

F. RURAL HEALTH INITIATIVE

The budget includes \$11,870,000 for the Rural Health Initiative and directs that \$5,220,000 go for direct adjustor payments to rural hospitals, \$4,500,000 for the construction and operation of two rural clinics, \$2,000,000 for emergency medical services, and \$150,000 for free clinics.

Gross	1,870,000
Federal	3,030,900
Restricted	0
GF/GP	(1,160,900)

G. PROGRAM TRANSFERS

The budget reflects the transfer of \$595,500 Gross; \$297,700 GF/GP and 8.0 FTEs as health maintenance organization licensing staff will be moved to the Department of Community and Industry Services.

FTE	(8.0)
Gross	(595,500)
Federal	(297,800)
GF/GP	(297,700)

H. UNCLASSIFIED SALARIES

The Unclassified Salaries line item was increased by 2%.

Gross	11,400
GF/GP	11,400

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

I. ECONOMIC ADJUSTMENTS

Standard economic adjustments were applied for salaries and wages, retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	13,757,500
IDG	1,435,100
Federal	1,757,500
Local	3,968,900
Restricted	557,100
GF/GP	6,038,900

Item	Gross	GF/GP
Salaries and Wages	\$9,412,100	\$5,059,500
Insurance	3,303,300	816,700
Retirement	622,600	86,100
Other	419,500	76,600
Total	\$13,757,500	\$6,038,900

J. TOBACCO SETTLEMENT

The budget reflects the shift of \$10,000,000 in Tobacco Settlement funding used for the Rural Health Initiative to the Medicaid base, as well as \$8,000,000 additional funding used to support the Medicaid base (displayed in item E1). An additional \$4,000,000 in Tobacco Settlement funding was added to fully fund the EPIC program (displayed in item E6), and economic adjustments totaling in \$24,300 Tobacco Settlement funding were made to the Long-Term Care Advisor line.

Gross	24,300
Tobacco	24,300
GF/GP	0

K. OTHER ISSUES

The budget includes other changes to FY 2001-02 funding. The major component of these changes is the effective restoration of selective reductions contained in the FY 2000-01 supplemental (an increase of \$11,935,000 Gross; \$13,435,000 GF/GP). A similar level of savings is found in the budgetary savings unit (displayed in item B3).

Gross	(2,758,400)
IDG	985,000
Federal	(15,444,000)
Local	116,200
Private	860,900
Restricted	(5,882,700)
GF/GP	15,875,900

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

L. VETOES

The Governor vetoed two line items and a number of sections of boilerplate that are enumerated below:

Gross	(10,224,900)
Federal	(1,013,600)
Restricted	(1,500,000)
GF/GP	(7,711,300)

1. Early Childhood Collaborative Secondary Prevention line item (\$1,750,000 Gross and GF/GP) and associated boilerplate (Section 1126).
2. The Senior Olympics line item (\$100,000 Gross and GF/GP).
3. Section 224, which would have directed any additional GF/GP revenue identified at the January 2002 Consensus Revenue Estimating Conference to restore reductions and provide up to a 2% economic increase for providers.
4. Section 419, which would have directed CMH boards, that contract with substance abuse coordinating agencies, to permit the agency to carry forward up to 5% of its revenue.
5. Section 906, which allocated \$50,000 Gross and GF/GP for continuation of a study of pollution sources in the Clinton River watershed.
6. Section 1008, which provided funding for the three cancer centers in the state (\$3,000,000 Gross; \$1,500,000 HMF; \$1,500,000 GF/GP).
7. Section 1021, which provided funding for the African-American Health Conference (\$100,000 Gross and GF/GP).
8. Section 1023, which provided funding to the Michigan Athletic Institute (\$125,000 Gross and GF/GP).
9. Section 1115, which provided funding for pregnancy support services at institutions of higher education (\$200,000 Gross and GF/GP).
10. Section 1121, which provided funding for children's respite services (\$249,900 Gross and GF/GP).

11. Section 1124, which would have allocated up to \$450,000 in Federal Maternal and Child Health Block Grant funds if additional block grant funds became available for the statewide fetal infant mortality network.
12. Section 1125, which would have supported elementary school based health services (\$1,500,000 Gross and GF/GP).
13. Section 1127, which would have provided funding to the Bay County Library to expand services for disabled individuals (\$200,000 Gross and GF/GP).
14. The words "Beaver Island and" from Section 1644, which eliminates funding for construction of a health care clinic on Beaver Island (\$1,500,000 Gross and GF/GP).
15. Section 1686, which would have set a minimum nursing home occupancy for reimbursement purposes of 85% and loosened standards for removal of nursing home beds.
16. Section 1688, which would have created a pool of funding to help address nursing home liability insurance needs (\$1,000,000 Gross; \$563,600 Federal; \$436,400 GF/GP).
17. Section 2203, a FY 2000-01 section that would have directed that \$2,500,000 in funding from the State and Local Medical Programs line go to three pilot projects on infant mortality.

M. FY 2001-02 SUPPLEMENTAL APPROPRIATIONS

Public Act 120 of 2001

The supplemental appropriation restores \$1,500,000 in Health Michigan Fund revenue for the three cancer centers in the State, half the amount that was vetoed by the Governor (item L6). The Governor again vetoed funding for pregnancy services (item L9) and children's respite services (item L10).

Gross	1,500,000
Restricted	1,500,000
GF/GF	0

CONSUMER AND INDUSTRY SERVICES
P.A. 119 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	4,182.4	4,194.4	4,178.4	(4.0)	(0.1)
GROSS	543,838,800	533,312,900	567,869,500	24,030,700	4.4
Less:					
Interdepartmental Grants Received	109,200	111,800	111,800	2,600	2.4
ADJUSTED GROSS	543,729,600	533,201,100	567,757,700	24,028,100	4.4
Less:					
Federal Funds	251,966,000	240,460,100	239,954,500	(12,011,500)	(4.8)
Local and Private	745,900	740,000	740,000	(5,900)	(0.8)
TOTAL STATE SPENDING	291,017,700	292,001,000	327,063,200	36,045,500	12.4
Less:					
Other State Restricted Funds	207,674,200	208,470,100	284,291,400	76,617,200	36.9
GENERAL FUND/GENERAL PURPOSE ..	83,343,500	83,530,900	42,771,800	(40,571,700)	(48.7)
PAYMENTS TO LOCALS	33,921,000	34,871,000	19,921,000	(14,000,000)	(41.3)

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

Public Act 81 of 2001

The supplemental includes a \$418,800 GF/GP reduction from the current-year appropriation.

B. FOSTER CARE REGULATION

The FY 2001-02 enacted budget includes a shift from Federal funding to General Fund/General Purpose funds for the costs related to administration of certain children's foster care facilities. The Department has been charging the Federal Foster Care - Title IV-E grant for these administrative costs but a financial audit showed that these costs are not allowable under the Federal guidelines for this funding. These types of foster care facilities include public child care institutions accommodating more than 25 children, detention facilities, forestry camps, training schools, and detention facilities for delinquent children.

Gross	0
Federal	(500,000)
GF/GP	500,000

C. REMONUMENTATION GRANTS

The appropriation includes a spending authority increase in restricted funding to expedite the replacement of U.S. public land survey corners in all 83 counties of the State. The statute regulating this program requires the work to be completed within 20 years of passage of the act or 2011. This increased funding is intended to ensure that this deadline is met. Funding for this program is generated through a fee on documents filed with the Register of Deeds.

Gross	1,000,000
Restricted	1,000,000

D. CHIEF CARNIVAL RIDE INSPECTOR

The appropriation includes a new position to administer the Carnival Ride Inspection program.

Gross	90,000
Restricted	90,000

E. NURSING HOME QUALITY INCENTIVE GRANTS

The budget includes a GF/GP increase for this Federal matching grant program. These grants are awarded in Michigan's nursing homes competitively to improve the quality of life for the residents.

Gross	45,000
GF/GP	45,000

F. LOW INCOME/ENERGY EFFICIENCY ASSISTANCE		Gross	60,000,000
		Restricted	60,000,000
	The budget includes a new appropriation for this program, which will allocate funding for shut-off protection for low income utility customers and energy efficiency for residential and business customers. Funding for this program is available through savings realized from securitization, pursuant to the Utility Deregulation Act, Public Act 141 of 2000.		
G. BUREAU OF WORKERS' DISABILITY COMPENSATION		Gross	0
		Restricted	15,821,300
		GF/GP	(15,821,300)
	The budget includes a funding shift from GF/GP to corporation and securities fees to fund the administration of this bureau.		
H. BUDGETARY SAVINGS		Gross	(676,000)
		GF/GP	(676,000)
	The appropriation reduces departmentwide GF/GP appropriations by 2.5% from the Governor's original recommendation. Reductions were taken from all GF/GP administrative line items.		
I. PROGRAM TRANSFERS		FTE	8.0
		Gross	595,500
		Restricted	595,500
	1. Pursuant to Public Act 252 of 2000, the regulation of the managed health care plans was transferred from the Department of Community Health.		
	2. Pursuant to a series of bills passed by the Legislature, the Michigan Council for Arts & Cultural Affairs has been transferred to a new department called the Department of History, Arts, and Libraries.		
		FTE	(9.0)
		Gross	(26,536,200)
		Federal	(700,000)
		GF/GP	(25,836,200)
J. FEE INCREASES		Gross	0
		Restricted	0
	The budget includes a fee increase for fire safety inspections for hospitals and schools. The increase will be for plan review and construction inspection fees for hospitals and schools. The increased revenue is estimated to be approximately \$521,700. Since the spending authority available in the Fire Safety Unit exceeds the revenue, no additional spending authority is needed.		
K. ECONOMIC ADJUSTMENTS		Gross	9,246,300
		Federal	3,359,600
		Restricted	5,079,000
		IDG	2,600
		GF/GP	805,100
	Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:		

Item	Gross	GF/GP
Salaries and Wages	\$3,458,000	\$128,300
Insurance	2,345,600	383,100
Retirement	2,154,000	295,500
Other	1,288,700	(1,800)
Total	\$9,246,300	\$805,100

L. OTHER ISSUES

The Budget makes adjustments recommended by the Governor for various Federal and restricted fund sources.

Gross	(19,733,900)
Federal	(14,161,600)
Restricted	(5,978,100)
Private	(5,900)
GF/GP	411,700

M. VETOES

The Governor vetoed the appropriation for Fire Protection Grants after the Legislature voted to increase the line by \$2,000,000. These grants are awarded to local units of government in lieu of property taxes for State-owned buildings. These grants were then restored in H. B. 4360 at the current year level of \$7,421,000.

DEPARTMENT OF CORRECTIONS
P.A. 237 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	19,768.8	19,492.0	19,390.5	(378.3)	(1.9)
GROSS	1,706,016,200	1,756,685,400	1,737,667,100	31,650,900	1.9
Less:					
Interdepartmental Grants Received	6,710,500	6,227,900	5,965,700	(744,800)	(11.1)
ADJUSTED GROSS	1,699,305,700	1,750,457,500	1,731,701,400	32,395,700	1.9
Less:					
Federal Funds	28,343,400	26,532,400	28,032,400	(311,000)	(1.1)
Local and Private	497,500	349,600	349,600	(147,900)	(29.7)
TOTAL STATE SPENDING	1,670,464,800	1,723,575,500	1,703,319,400	32,854,600	2.0
Less:					
Other State Restricted Funds	50,864,300	49,221,600	48,965,500	(1,898,800)	(3.7)
GENERAL FUND/GENERAL PURPOSE ..	1,619,600,500	1,674,353,900	1,654,353,900	34,753,400	2.1
PAYMENTS TO LOCALS	81,056,300	81,743,400	81,843,800	787,500	1.0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A. PRISON OPERATIONS

1. New Prison Bed Openings/Closings

The House and the Senate agreed to the Executive recommendation to increase appropriations by \$5,866,000 for part-year operations of three drop-in units and by \$525,500 for 58 prison beds at Cooper Street Prison. A decrease of \$10,341,700 was made for the postponed opening of the Bellamy Creek Facility, a new 1,500-bed facility at Ionia. The Conference Committee, instead, allocated the appropriations for Michigan Reformatory to the Inmate Housing Fund. This allows the Department of Corrections to open Bellamy Creek, once it is completed, using the funds for Michigan Reformatory, which the Department will then close for repairs.

Gross	(3,950,200)
GF/GP	(3,950,200)

2. Other Operational Expenses

Adopted from the Governor's proposal were employee step increases of \$5,933,900 for correctional facility, prison camp, and special alternative incarceration personnel. Utility costs at the Youth Correctional Facility, waste water treatment at Ojibway and Pugsley, and personnel additions for the Pugsley sallyport, a grievance coordinator and investigators, crime victims' notification, and vocational training for female prisoners program adjustments costing \$1,164,900, were adopted from the Executive recommendation.

Gross	7,098,800
Federal	287,500
GF/GP	6,811,300

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

3. Operational Reductions

The Executive recommendation included reductions for new employee training of \$845,600, security level changes at Western Wayne of \$299,800, and elimination of the prisoner rehabilitation education program of \$1,020,100. Reductions taken by the House and Senate include \$3,530,000 for efficiencies gained from the roll-up of facility and academic/vocational programs line items, reductions from correctional facilities administration and program services totalling \$1,450,000, and the closure of Camp Waterloo and the Adrian and Muskegon corrections centers, resulting in a net reduction of \$3,817,900. Project RESTART and Project CHANGE were eliminated, saving \$1,863,400; the training year calendar was reworked, saving \$3,000,000; and elimination of a surplus food program will save \$342,100. Funds for employee leadership training and canine searches were not added, reducing the Executive recommendation by \$526,000.

Gross	(16,168,900)
IDT	(262,200)
GF/GP	(15,906,700)

B. HEALTH CARE AND SUBSTANCE ABUSE

1. Health Care

As recommended by the Governor, the budget includes \$2,779,700 for contractual increases to the managed care contract, \$51,500 for dialysis costs, and \$393,800 for a secure status outpatient program at Standish. A recommendation for \$985,000 for psychotropic medications was eliminated by the Conference Committee.

Gross	3,225,000
GF/GP	3,225,000

2. Substance Abuse

The House and Senate replaced GF/GP funding for in-prison drug treatment with Federal RSAT grant dollars and decreased the substance abuse line item by \$1,073,600 for reduced drug testing costs. Two pilot substance abuse programs were eliminated, saving \$2,630,300.

Gross	(3,703,900)
Federal	1,500,000
GF/GP	(5,203,900)

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

C. FIELD OPERATIONS

1. Field Operations

The House and Senate accepted the Executive recommendation adding \$4,000,000 to recognize payroll step increases among field operations personnel and \$418,500 for relocation of the Detroit Parole and Tether Offices.

Gross	4,418,500
GF/GP	4,418,500

2. Community Corrections

The House added \$800,400 for probation residential centers, but the increase was reduced to \$100,400 in the Conference report.

Gross	100,400
Restricted	100,400
GF/GP	0

3. Parole Board

As recommended by the Governor, the budget includes \$166,100 for parole board employee step increases, travel expenses, and information system maintenance, as well as \$264,300 for new "prescreeners" to assist with caseload concerns. An increase to the parolee loans line item of \$60,600 was rejected.

Gross	430,400
GF/GP	430,400

D. FEE INCREASES

There were no fee increases; however, the budget recognizes the medical copay made by prisoners for health care services. These funds were applied to the increase in the probation residential centers line item.

E. UNCLASSIFIED SALARIES

The budget includes an economic adjustment to unclassified salaries of \$25,800 or 2%.

Gross	25,800
GF/GP	25,800

F. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

Item	Gross	GF/GP
Salaries and Wages	\$17,217,900	\$16,723,800
Insurance	12,046,000	11,817,300
Retirement	6,413,800	6,306,400
Workers' Compensation	3,877,000	3,877,000
Fuel and Utilities	1,033,100	1,033,100
Food	1,402,400	1,402,400
Building Occupancy & Rent	631,200	724,700
Total	\$42,621,400	\$41,884,700

Gross	42,621,400
IDG	13,600
IDT	160,800
Federal	111,300
Restricted	451,000
GF/GP	41,884,700

G. OTHER ISSUES

Pursuant to the Governor's recommendation, the budget provides for changes in funding sources, including increases in GF/GP funds to replace Telephone Fees and Commissions of \$552,600, Federal support for Criminal Aliens of \$500,000, and Community Residential Programs revenue of \$792,000. Increased revenues from tether participants of \$43,000 and from resident stores of \$121,600 replace GF/GP funds. The elimination of defunct programs will decrease gross appropriations and costs by \$494,200. Transfer of the print shop to Michigan State Industries will eliminate an interdepartmental transfer of \$657,000 and adjustments to public works of \$119,400 will decrease gross spending. The budget also includes adjustments for various Federal, State restricted, and Local fund sources.

Gross	(2,446,400)
IDT	(657,000)
Federal	(2,209,800)
Restricted	(2,450,200)
Local	(147,900)
GF/GP	3,018,500

**DEPARTMENT OF EDUCATION
P.A. 42 of 2001**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 ENACTED	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	457.6	457.3	455.0	(2.6)	(0.6)
GROSS	929,994,900	943,470,100	996,677,000	66,682,100	7.2
Less:					
Interdepartmental Grants Received	518,000	0	518,000	0	0.0
ADJUSTED GROSS	929,476,900	943,470,100	996,159,000	66,682,100	7.2
Less:					
Federal Funds	873,591,700	890,026,700	942,579,100	68,987,400	7.9
Local and Private	7,142,300	5,496,900	5,571,000	(1,571,300)	(22.0)
TOTAL STATE SPENDING	48,742,900	47,946,500	48,008,900	(734,000)	(1.5)
Less:					
Other State Restricted Funds	13,587,600	13,297,000	14,036,000	448,400	3.3
GENERAL FUND/GENERAL PURPOSE ..	35,155,300	34,649,500	33,972,900	(1,182,400)	(3.4)
PAYMENTS TO LOCALS	14,704,400	15,299,200	15,299,200	594,800	4.0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

N/A

Public Act 81 of 2001

The Act allocated \$476,600 in supplemental appropriations to the Department of Education. An increase of \$650,000 to support the State's share of the School Lunch Program and a budgetary savings decrease totaling \$173,400 comprise the supplemental appropriations.

B. FEDERAL GRANTS

The FY 2001-02 Department of Education enacted budget anticipates an increase of over \$70,000,000 in Federal grants. Additional funding for the School Lunch Program, Charter School Subgrant Program, and Special Education is included, as well as one-time funding totaling \$45,688,400 for Urgent School Renovation Grants.

Gross	70,288,400
Federal	70,288,400
GF/GP	0

C. STATE GRANTS

An increase is included for the State's share of the School Breakfast Program (\$1,200,000), necessary to pay for increased costs of lunches and rising numbers of lunches served. Additional Motorcycle Safety Education Grants are funded by registration fees (\$300,000). Three FY 2000-01 State grants are not continued in FY 2001-02; these are the Innovative Curriculum Development Grants (\$560,000), Innovative Program Demonstration Grants (\$400,000), and Autism Certification Program Grants (\$250,000).

Gross	540,000
GF/GP	540,000

D. BUDGETARY REDUCTIONS

A total reduction of \$850,700 is included in this budget. Primarily, the Shiga Teacher Exchange Program (\$250,000 GF/GP) is eliminated, along with substantial "belt-tightening" cuts in Central Support (\$85,100 GF/GP) and the Office of School Excellence (\$25,300). Approximately \$329,000 of the total reduction comprised a funding shift from General Fund to Federal dollars.

Gross	(850,700)
GF/GP	(850,700)

E. MICHIGAN SCHOOLS FOR THE DEAF AND BLIND

The appropriation authority for this item was reduced by roughly \$1,700,000 Local to reflect more accurately the actual payments from intermediate school districts, based on declining enrollments.

Gross	(1,701,600)
Local	(1,701,600)
GF/GP	0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

F. TEACHER QUALITY ENHANCEMENT GRANT

The appropriation authority for this Federal grant is almost entirely eliminated, due to the fact that the State has not yet been awarded this grant, though the State has applied for it for the last three years. If the State does receive the grant, a transfer will be necessary to spend the funds.

Gross	(2,499,000)
Federal	(2,499,000)
GF/GP	0

G. UNCLASSIFIED SALARIES

Unclassified Salaries received a 2% increase in the FY 2001-02 Department budget.

Gross	10,100
GF/GP	10,100

H. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	1,212,000
Federal	611,100
Local	76,200
Restricted	100,600
GF/GP	424,100

Item	Gross	GF/GP
Salaries and Wages	\$460,500	\$164,200
Insurance	229,900	78,700
Retirement	332,700	113,800
Food	5,600	1,900
Workers' Compensation	(7,000)	(7,000)
Fuel and Utilities	7,000	2,400
Building Occupancy Charges	183,300	70,100
Total	\$1,212,000	\$424,100

I. OTHER ISSUES

Other changes in the Department of Education budget decrease funding by approximately \$317,000.

Gross	(317,100)
Federal	586,900
Local	54,100
Restricted	347,800
GF/GP	(1,305,900)

**DEPARTMENT OF ENVIRONMENTAL QUALITY
P.A. 43 of 2001**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	1,631.7	1,635.7	1,672.7	41.0	2.5
GROSS	410,117,300	414,692,900	415,559,000	5,441,700	1.3
Less:					
Interdepartmental Grants Received	17,511,700	17,809,000	17,809,000	297,300	1.7
ADJUSTED GROSS	392,605,600	396,883,900	397,750,000	5,144,400	1.3
Less:					
Federal Funds	130,043,600	130,777,500	131,277,500	1,233,900	0.9
Local and Private	1,523,800	1,567,100	1,567,100	43,300	2.8
TOTAL STATE SPENDING	261,038,200	264,539,300	264,905,400	3,867,200	1.5
Less:					
Other State Restricted Funds	161,631,600	163,227,700	163,897,500	2,265,900	1.4
GENERAL FUND/GENERAL PURPOSE ..	99,406,600	101,311,600	101,007,900	1,601,300	1.6
PAYMENTS TO LOCALS	6,529,900	7,944,900	5,075,000	(1,454,900)	(22.3)

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

1. Public Act 506 of 2000

In addition to nearly \$90,000,000 in Clean Michigan Initiative (CMI) environmental program appropriations, this FY 2000-01 supplemental included \$500,000 in Retired Engineers Technical Assistance Program (RETAP) Fund appropriations for the RETAP initiative. RETAP uses qualified retired engineers to provide on-site pollution prevention assessments, with a focus on waste reduction and energy efficiency, to small businesses, municipalities, and institutions.

2. Public Act 81 of 2001

The FY 2000-01 supplemental appropriation included a General Fund reduction totaling \$499,600, or 0.5% of the total General Fund appropriation for the Department.

3. Public Act 120 of 2001

The FY 2000-01 portion of this supplemental appropriated \$220,000 in excess settlement revenue to support approximately one half of the cost of a Michigan Department of Natural Resources contract for a tribal mapping project. The project will provide the State with a database to document and provide a summary of tribal holdings within the State. This information is useful primarily in the negotiation process over tribal hunting and fishing rights within the State, but will be useful also to the Department of Environmental Quality for the purposes of environmental enforcement activities. The FY 2000-01 portion of Public Act 120 also included an \$80,000 appropriation from the Submerged Log Recovery Fund to provide the Department with the resources necessary to review applications and issue permits to remove submerged logs from the Great Lakes bottomlands.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

B. SOIL EROSION AND SEDIMENTATION CONTROL PROGRAM

Gross	350,000
GF/GP	350,000

Public Act 504 of 2000 amended the State's Natural Resources and Environmental Protection Act to give the Department greater responsibility for monitoring, certifying, and assisting local governments in implementing and enforcing local soil erosion and sedimentation control programs. The enacted FY 2001-02 budget, as recommended by the Governor and passed by the Senate, includes new State General Fund dollars to support the Department's expanded responsibilities. The House-passed budget had included \$100,000 less than the amounts included in the Governor's, Senate, and enacted budgets for this program.

C. AIR QUALITY PROGRAM

FTEs	37.0
Gross	46,800
Federal	500,000
Restricted	(453,200)
GF/GP	0

The Conference Committee adjusted Air Quality Program appropriations and increased staffing authorization to reflect the shift of responsibility for the Wayne County Air Quality Program to the State.

D. GREAT LAKES WATER USE REPORTING

Gross	100,000
GF/GP	100,000

New General Fund support is provided in the enacted budget (as recommended by the Governor and agreed to by the House and Senate) to bring the State into compliance with provisions of the Great Lakes Charter (the regional agreement between Great Lakes states and Canadian provinces to protect against Great Lakes water diversions) requiring annual water use reporting by facilities in four major and several secondary sectors, including thermoelectric power generation, self-supplied industrial, public water supplies, and irrigation (major), and hydroelectric power generation, and livestock operations (secondary). The Department currently spends approximately \$54,000 in fee revenues to monitor the thermoelectric power generators, the self-supplied industrial, and a small portion of the irrigation sectors. The new funding will provide the resources necessary to complete the reporting on two additional major water use sectors and two secondary categories.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

E. VOLUNTEER RIVER, STREAM, AND CREEK CLEANUP PROGRAM

The House and Senate increased funding for this program to \$100,000 GF/GP and \$95,000 GF/GP, respectively. The enacted budget includes \$100,000 for the program, with \$ 25,000 from environmental license plate sales revenue, and the balance from the General Fund. The program provides supplies and supports the cost of disposal of trash and other materials collected by volunteers.

Gross	50,000
Restricted	25,000
GF/GP	25,000

F. CLEANUP PROGRAMS

To achieve the General Fund savings necessary to meet budget target agreements, the Conference Committee reduced the environmental cleanup and redevelopment program appropriation by 9.4%, and the leaking underground storage tank cleanup program appropriation by 10.9%. Total remaining appropriations for the environmental cleanup and redevelopment program and the leaking underground storage tank cleanup program are \$14,816,200 and \$5,316,000, respectively.

Gross	(2,186,400)
GF/GP	(2,186,400)

G. FEDERAL SAFE DRINKING WATER ACT FUNDS

New, temporary funding is available to the State under the Federal Safe Drinking Water Act for training and certifying waterworks operators in public water supplies serving populations of 3,300 or fewer. The enacted budget (as recommended by the Governor and agreed to by the House and Senate) includes the first-year funding of an expected five-year program to train and certify operators at approximately 2,200 public water supplies that do not employ a certified operator.

Gross	1,000,000
Federal	1,000,000
GF/GP	0

H. GROUNDWATER USE REPORTING

The House included Great Lakes Protection Fund dollars for a water use reporting project aimed at modeling domestic water use demand on groundwater. The Senate reduced the level of funding for the project by half and required a 100% cash or in-kind match. The enacted budget includes the House-recommended level of funding and omits the matching requirement.

Gross	150,000
Restricted	150,000
GF/GP	0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

I. DEPARTMENT RELOCATION

Gross	1,856,800
Restricted	380,200
GF/GP	1,476,600

The enacted budget (as recommended by the Governor and passed by the House and Senate) includes a net increase in appropriations for the cost of new Department office space. A \$4,560,300 Gross increase in the building occupancy charges account (rent for State-owned or State-managed space), characterized in the Governor's budget proposal as an economic adjustment, is included to reflect the Department's planned move into the new Constitutional Hall space. This increase is offset by a \$2,703,500 Gross reduction in the private rent account, reflecting the planned elimination of approximately seven private leases, as a result of the move to the new space.

J. DIRECTIONAL DRILLING

NA

The House included language prohibiting the Department from issuing permits for directional drilling in the Great Lakes bottomlands until the Natural Resources Commission accepted and approved recommendations of the 2001 Working Group on Oil and Gas Leasing Procedures. Senate language prohibited expenditures for issuing permits for directional drilling in the Great Lakes bottomlands unless specific conditions and standards were met. No language concerning directional drilling is included in the enacted budget.

K. FEE INCREASES

1. Septage Waste Fees

FTEs	3.0
Gross	1,550,000
Restricted	1,550,000
GF/GP	0

The enacted budget (as recommended by the Governor and passed by the House and Senate) includes a significant increase in fee revenue for septage waste activities. Current fees generate approximately \$150,000 annually. The budget assumes restructuring and increasing fees for the program. The enhanced funding would support increased local inspections of septage waste hauling vehicles and disposal sites, as well as expanded Department oversight activities. At the time of the budget's passage, the fee restructuring and increase had not been enacted.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

2. Air Quality Fees

Air quality fees were scheduled to sunset on September 30, 2001. While no increase in appropriations from air quality fees, other than economic adjustments, were included, the enacted budget (as recommended and agreed to) includes \$11,450,000 in air quality fees appropriations, necessitating a revision in the fees and an extension of the sunset. The necessary reauthorization of air quality fees was enacted.

Gross	0
Restricted	0
GF/GP	0

L. UNCLASSIFIED SALARIES

The enacted budget (as recommended and agreed to) includes a 2.0% increase for unclassified salaries, bringing total unclassified salary funding to \$495,100.

Gross	9,700
Restricted	700
GF/GP	9,000

M. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	3,339,800
IDG	52,000
Local	29,500
Restricted	1,508,600
GF/GP	1,749,700

Item	Gross	GF/GP
Salaries and Wages	\$1,748,500	\$904,600
Insurance	947,100	501,600
Retirement	643,200	342,900
Workers' Compensation	1,000	600
Total	\$3,339,800	\$1,749,700

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

N. OTHER ISSUES

Other budget changes include adjustments to reflect the availability of various Federal, private, and State restricted sources of financing; statutorily-based inflationary adjustments in sewage sludge land application fees and the solid waste program; \$519,300 GF/GP in budgetary reductions that were applied to various staffing line items; and a net reduction of \$106,500 Gross, and a net increase of \$499,600 GF/GP in various FY 2000-01 supplemental and contingency transfer items not funded at the same levels in FY 2000-01.

FTEs	1.0
Gross	(825,000)
IDG	245,300
Federal	(266,100)
Private	13,800
Restricted	(895,400)
GF/GP	77,400

O. FY 2001-02 SUPPLEMENTAL APPROPRIATIONS

Public Act 120 of 2001

This supplemental includes greater than \$60,000,000 in Clean Michigan Initiative appropriations for a variety of environmental cleanup and redevelopment, and water quality improvement projects and programs; \$500,000 from the RETAP Fund to maintain the RETAP activities in FY 2001-02 (item A3); \$148,000 in Environmental Response Fund support for environmental projects at the General Motors Saginaw - Powertrain Malleable Iron Facility, as required by a consent decree; and \$100,000 in fee revenues from participants in the Soil Erosion and Sedimentation Control Program for Program implementation.

**EXECUTIVE
P.A. 83 of 2001**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	75.0	75.0	75.0	0.0	0.0
GROSS	5,651,200	5,819,900	5,709,800	58,600	1.0
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	5,651,200	5,819,900	5,709,800	58,600	1.0
Less:					
Federal Funds	0	0	0	0	0.0
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	5,651,200	5,819,900	5,709,800	58,600	1.0
Less:					
Other State Restricted Funds	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE ..	5,651,200	5,819,900	5,709,800	58,600	1.0
PAYMENTS TO LOCALS	0	0	0	0	0.0

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

Public Act 81 of 2001

The supplemental includes \$25,400 for costs associated with compensation for the Governor and Lieutenant Governor. A budget reduction of \$53,800 is also included to offset compensation adjustments and to reflect the Executive Office share of FY 2000-01 budget reductions.

B. GOVERNOR/LIEUTENANT GOVERNOR COMPENSATION

Gross	32,700
GF/GP	32,700

The FY 2001-02 enacted budget includes adjustments to fully fund salaries and expense allowances of the Governor and Lieutenant Governor.

C. BUDGETARY SAVINGS

Gross	(29,200)
GF/GP	(29,200)

The budget includes a negative appropriation (as recommended by the Governor) for budgetary savings that will be attained from a hiring freeze and, if necessary, other savings identified by the Executive Office and approved by the State Budget Director pursuant to Section 213 of the General Government Appropriation Act.

D. GENERAL FUND TARGET REDUCTIONS

Gross	(93,400)
GF/GP	(93,400)

Leadership negotiations on resolution of the FY 2001-02 budget required additional reductions based on the May Consensus Revenue Estimating Conference. The reduction was calculated by reducing the Governor's original General Fund budget recommendation by 2.0%. Compensation for the Governor and Lieutenant Governor was not included in the calculation of the 2.0% reduction. This reduction, along with the elimination of the original recommendation for unclassified salaries, met the General Fund Target Reduction of \$110,100.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

E. UNCLASSIFIED SALARIES

Gross 12,700
GF/GP 12,700

The Governor's original recommendation and the Senate included an increase for the line item that funds 8.0 FTE unclassified positions of 2.0%, from the FY 2000-01 enacted appropriation of \$833,100 to \$849,800. The budget revision letter of April 27, 2001, and the House removed the proposed increase. The Conference Committee concurred with the House to meet the General Fund Target (Item D). The FY 2000-01 supplemental (Public Act 81 of 2001) reduced the unclassified salaries appropriation for FY 2000-01 by \$12,700, resulting in an FY 2001-02 increase compared with the FY 2000-01 year-to-date appropriation.

F. ECONOMIC ADJUSTMENTS

Gross 94,700
GF/GP 94,700

Standard economic adjustments are applied for salaries and wages, retirement, and insurance consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$53,800	\$53,800
Insurance	33,400	33,400
Retirement (defined benefit)	(23,800)	(23,800)
Retirement (defined contribution)	31,300	31,300
Total	\$94,700	\$94,700

G. OTHER ISSUES

Gross 41,100
GF/GP 41,100

Other adjustments reflect base changes resulting from the FY 2000-01 supplemental.

FAMILY INDEPENDENCE AGENCY
P.A. 82 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	13,499.6	13,499.6	13,499.6	0.0	0.0
GROSS	3,718,314,800	3,638,422,100	3,834,382,600	116,067,800	3.1
Less:					
Interdepartmental Grants Received	765,000	965,300	965,300	200,300	26.2
ADJUSTED GROSS	3,717,549,800	3,637,456,800	3,833,417,300	115,867,500	3.1
Less:					
Federal Funds	2,331,310,150	2,295,339,550	2,500,201,750	168,891,600	7.2
Local and Private	119,160,150	99,653,850	100,003,750	(19,156,400)	(16.1)
TOTAL STATE SPENDING	1,267,079,500	1,242,463,400	1,233,211,800	(33,867,700)	(2.7)
Less:					
Other State Restricted Funds	50,641,200	53,233,900	53,233,900	2,592,700	5.1
GENERAL FUND/GENERAL PURPOSE ..	1,216,438,300	1,199,738,500	1,179,977,900	(36,460,400)	(3.0)
PAYMENTS TO LOCALS	142,932,000	173,938,400	173,288,400	30,356,400	21.2

A. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

The Federal welfare reform block grant, created by the Personal Responsibility and Work Opportunity Act of 1996, provides support for poor families through work incentives, such as employment placement and training opportunities and other related state programs. The five-year Federal authorization expires in FY 2001-02; thus, the block grant legislation will be reauthorized by the U.S. Congress if it is to continue. The reduction in welfare caseloads over the past years allows for a cost shift from General Fund spending to block grant fund support. Due to an FY 2000-01 overestimate of available block grant funds, however, a reduction in FY 2000-01 expenditures, a number of fund source shifts, and program reductions are included in the budget assumptions to adjust TANF spending.

The State receives a basic grant allotment of \$775,353,000. The State is allowed to carry forward any unspent block grant funds from the previous year. It is anticipated that Michigan will have \$813,053,000 in TANF funds to spend in FY 2001-02, approximately 35% of the department's appropriated Federal funding. The funds are appropriated in the State budgets for the Family Independence Agency (FIA), Department of Career Development, and Department of Community Health. Each year states are required to maintain spending for qualified state expenditures of at least 80% (or 75% if a state meets Federal work participation requirements) of the state's historic state expenditure level. Michigan meets the work participation requirements, is required to spend at least \$468,518,400 in State funds, and counts State GF/GP spending for FY 2001-02 in the following State departments: FIA, Community Health, Education, and Transportation. The FIA appropriation assumes use of TANF funds in FY 2001-02 to include continuation of FY 2000-01 spending and the adjustments described below.

1. Family Independence Program (FIP)

The budget includes a projected FIP caseload increase of 9,300 to an average 75,000 cases and assumes an increase in the cost per case of \$19 to \$391.

Gross	54,386,400
Federal	54,386,400
GF/GP	0

		FY 2001-02 Change from FY 2000-01 <u>Year-to-Date</u>
2. Day Care	Gross	(55,675,800)
	Federal	(3,022,800)
	GF/GP	(52,653,000)
<p>The budget projections for day care services include a decrease in caseload of 5,740 to an average 69,700 and in the cost per case of \$13 to \$528 due to a slower-than-projected FY 2000-01 increase. The budget includes an increase of \$8,500,000 in TANF funds in the Day Care account and shifts the \$8,500,000 GF/GP funds from the account to the Child Care Fund (CCF) account to cover anticipated growth. Reductions include: \$9,135,800 for the day care accessibility pool; \$8,740,000 for the infant toddler incentive payments; and \$6,000,000 for before/after school programs for families with incomes below 200% of the poverty level. Other adjustments include counting School Aid Program GF/GP spending toward the State's Maintenance of Effort requirement, and reducing the spending of GF/GP funds as matching dollars to draw Federal Child Care and Development Fund (CCDF) revenue.</p>		
3. Child Care Fund	Gross	33,947,500
	Federal	5,000,000
	GF/GP	28,947,500
<p>The budget includes an increase for the anticipated growth in the Child Care Fund (CCF) caseload. The increase is financed with \$13,500,000 in TANF funds.</p>		
4. Other Issues	Gross	1,071,200
	Federal	1,071,200
	GF/GP	0
<p>The budget includes increases for the Family Preservation and Prevention Services line including \$500,000 for the Child Well Being Program and \$112,500 for the Created for Caring Program. Other increases include: 1) adjustments in salaries and wages to meet anticipated spending; 2) \$1,000,000 each for the Community Services Block Grant and a fatherhood program, which will emphasize the noncustodial parent's responsibility for child support payments; 3) \$250,000 for a program to promote and maintain marriage; 4) \$250,000 for grants to encourage innovative ways to use TANF funds through community grants in the State; and 5) \$100,000 in the State Emergency Relief line for multicultural contracts to initiate a career-tracked approach to employment for TANF recipients and \$250,000 for emergency shelters' bed capacity expansion. A reduction in spending for Project Zero, including related Employment and Training program reductions, also is included to achieve budget savings.</p>		

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

B. ADMINISTRATION AND TECHNOLOGY

1.	The budget includes funds for technology costs for system development and operations and legal contract services support related to counties' efforts toward Federal certification of the Child Support Enforcement System (CSES). The budget also includes an increase in General Fund authorization for CSES Federal Title IV-D match to continue system development, which includes a decrease in Federal authorization, and a decrease in GF/GP for the cost of Federal sanctions paid in FY 2000-01. A reduction is included to reflect a spending slowdown in the finger imaging system development and a reduction recognizes completion of the wage record system, located at the Michigan Unemployment Agency. The Food Stamp Issuance appropriation is eliminated and funds are transferred to the Client Services Support account for the Electronic Benefits Transfer System support.	Gross	33,333,700
		Federal	30,095,200
		GF/GP	3,238,500
2.	The budget includes an increase for the Commission for the Blind to help maintain current programs.	Gross	50,000
		GF/GP	50,000
3.	The budget reduces State funds to reflect an overallocated amount in the State incentive payments account for payments to local Friend of the Court offices for child support activities.	Gross	(1,938,800)
		Federal	(38,800)
		GF/GP	(1,900,000)
4.	The budget reduces the Rent account for overappropriated rental costs to the projected level of spending. The termination of a lease for a warehouse on Baltimore Street, Detroit, reflects a saving of \$833,500 Gross, \$400,000 GF/GP.	Gross	(2,500,500)
		Federal	(1,300,500)
		GF/GP	(1,200,000)

C. FINANCE ADJUSTMENTS

1.	The budget includes an increase in the Federal revenue match rate and an offset in GF/GP due to increases in Supplemental Security Income (SSI) recoveries, cost allocation errors, and an estimated 5% growth in Child Support and other private collections.	Gross	0
		IDG	200,300
		Federal	(882,500)
		Private	932,600
		Restricted	2,585,100
		GF/GP	(2,835,500)

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

2.	The appropriation assumes that savings will be realized through strengthening the State's hiring freeze.	Gross Federal GF/GP	(11,480,600) (7,480,700) (4,000,000)
3.	The budget includes an increase in private revenue authority to meet the cost of eligibility specialists, responsible for patients' assistance eligibility, located in area hospitals.	Gross Private GF/GP	199,900 199,900 0
4.	Contingency transfers, approved in FY 2000-01 to provide a one-time access to additional Federal funds, are not included in the budget.	Gross Federal GF/GP	(112,677,300) (112,677,300) 0

D. OTHER STATE ASSISTANCE

The appropriation includes a projected State Disability Assistance (SDA) caseload decline of 300 cases to an average 6,700 cases and a cost per case decrease of \$14.13 to \$244 per month. The Supplemental Security Income (SSI) Assistance recipient caseload reflects a projected decline of 700 cases to an average 211,300 cases. A cost per case reduction of \$14 per month and a 5% Federal administrative rate increase offset the projected savings. The budget includes three adjustments in the State Emergency Relief Program funds: increased GF/GP for a projected increase in home repairs, rent and other noncontractual services, a decrease based on the Housing and Urban Development Supportive Housing project responsibility transfer to a private organization, and a \$300 per case reduction in the reimbursement for indigent burials from \$1,460 to \$1,160.

Gross	(2,653,300)
Federal	(447,000)
GF/GP	(2,206,300)

E. FEDERALLY FUNDED PROGRAMS

The budget increases the Low Income Home Energy Assistance (LIHEAP) award based on increased fuel costs. The budget includes a Food Stamp Program caseload increase of 2,100 cases up to an average caseload of 239,600 and a decline in the cost per case of \$7 to approximately \$152 per month.

Gross	(11,200,500)
Federal	11,200,500
GF/GP	0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

F. CHILD AND FAMILY SERVICES

1. Foster Care and Adoption

The appropriation includes an increase for Federal Title IV-E funded Foster Care and Adoption Subsidy caseloads, a 1% rate increase for parents only, funds to cover a projected deficit in the subsidy account, and extending for a full year the FY 2000-01 seven-month 3% rate increase. The budget reduces the State Ward Board and Care Foster Care caseload.

Gross	(18,233,500)
Federal	17,178,500
Local	(21,772,800)
GF/GP	(13,639,200)

2. Program Expansion

The budget includes increases of \$2,000,000 Gross, \$0 GF/GP for Youth In Transition for Federal Title IV-E eligible independent living services; \$1,008,600 Gross, \$504,300 GF/GP for the Maxey Boys Training School's new wing, including a man-down system, two-way radios, computers and printers; and \$252,600 Gross, GF/GP for reimbursement of volunteers for transporting juveniles between facilities and electronic monitoring of juveniles released from detention.

Gross	3,261,200
Federal	2,000,000
Local	504,300
GF/GP	756,900

G. OTHER PROGRAM ADJUSTMENTS

1. Juvenile Justice Services

The appropriation includes three newly created appropriation lines. The mental health services line is the result of a fund transfer from the Genesee Valley, Burton, and Northwest detention centers' appropriation due to the closure of the Northwest detention center, the Western Wayne Day Treatment program, and the Burton detention center. The funds are used for the treatment of emotionally disturbed delinquent youth in State facilities. Approximately 60% of the incarcerated youth are diagnosed with severe mental disorders. The remaining detention center funds are in the renamed Regional Detention and Treatment line, reflecting the program closures and continued funding for Shawano and Bay Pines programs. The budget also includes a fund transfer from the CCF line to establish an administration line for CCF-related staff.

Gross	0
GF/GP	0

2. Consolidate Appropriation Lines

a.	The budget consolidates six appropriation lines with the Juvenile Justice Operations appropriation line. The lines include: 1) Personnel Payroll Costs, 2) Community Juvenile Justice Centers, 3) Regional Detention Services, 4) County Juvenile Officers, 5) Professional Mental Health Services, and 6) Regional Detention and Treatment Services. The net effect is "0".	Gross	0
		GF/GP	0
b.	The Children and Adult Services, Salaries and Wages line, located in the Local Office Staff and Operations Unit is consolidated with the Field Staff, Salaries and Wages appropriation line within the Unit. The net effect is "0".	Gross	0
		GF/GP	0

H. UNCLASSIFIED SALARIES

There is included a 2% economic increase for unclassified positions.

Gross	9,800
Federal	3,600
GF/GP	6,200

I. ECONOMIC ADJUSTMENTS

Standard economic adjustments are included for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	22,437,400
Federal	13,034,900
Local	915,500
Private	64,100
Restricted	7,600
GF/GP	8,415,300

Item	Gross	GF/GP
Salaries	\$11,628,400	\$4,298,400
Insurance	6,107,300	2,340,300
Retirement	3,652,800	1,364,100
Other	1,048,900	412,500
Total	\$22,437,400	\$8,415,300

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

J. VETOES

1. Day Care

The Governor vetoed Section 628, which would have provided Federal Child Care and Development Fund dollars to support continuation of the “ready to succeed dialog with Michigan”, the forum instituted to explore and develop an early childhood education, care and support system. The system, to be funded with private and public funds, is intended to meet the needs of State children by improving the quality of early childhood education and care.

Gross	(100,000)
federal	(100,000)
GF/GP	0

2. State Emergency Relief

The Governor vetoed Section 629, which would have provided Temporary Assistance for Needy Families (TANF) funding to extend department contracts with multicultural organizations. These organizations were to initiate a career-tracked approach to employment for TANF eligible persons.

Gross	(100,000)
Federal	(100,000)
GF/GP	0

K. FY 2001-02 SUPPLEMENTAL APPROPRIATION

Public Act 120 of 2001

The FY 2001-02 supplemental appropriation includes the following items for the Family Independence Agency:

1. Foster Care and Adoption

Section 231 appropriates a 1% rate increase for parents in the foster care payments, Wayne County foster care payments, and adoption subsidies accounts. Section 519 of P.A. 82 of 2001 is repealed.

Gross	0
GF/GP	0

		FY 2001-02 Change from FY 2000-01 <u>Year-to-Date</u>	
2.	Food Stamp Program Benefits	Gross	197,800,000
		Federal	197,800,000
	The Act appropriates additional available Federal funds to provide assistance to eligible individuals and families for food needs.	GF/GP	0
3.	State Emergency Relief	Gross	610,500
		GF/GP	610,500
	a. The Act appropriates funds to increase the State maximum allowable reimbursement for indigent burial services. Section 233 provides for a maximum allowable charge limit for indigent burials of \$1,310; \$835 for funeral directors; \$275 for cemeteries or crematoriums; and \$200 for vault providers. It requires participating providers to report quarterly cost-related data to the department. It also requires the department to report on data received from providers to the Legislature. Section 613 of P.A. 82 of 2001 is repealed.		
	b. Section 234 allows burial services providers to collect no more than \$2,450 from relatives or other persons on behalf of the deceased above the amount reimbursed by the State for services. Section 611 of P.A. 82 of 2001 is repealed.	Gross	0
		GF/GP	0
4.	Budgetary Savings	Gross	(610,500)
		GF/GP	(610,500)
	The Act includes a negative appropriation that is to be satisfied at the end of the fiscal year. Section 232 provides for the negative appropriation to be satisfied by department identified savings or lapses from administrative efficiencies that are recommended by the State budget director for implemented by legislative approval.		

**HIGHER EDUCATION
P.A. 118 of 2001**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	1.0	0.0	1.0	0	0.0
GROSS	1,910,550,908	1,921,031,953	1,947,842,366	37,291,458	2.0
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	1,910,550,908	1,921,031,953	1,947,842,366	37,291,458	2.0
Less:					
Federal Funds	3,900,000	4,900,000	4,900,000	1,000,000	25.6
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	1,906,650,908	1,916,131,953	1,942,942,366	36,291,458	1.9
Less:					
Other State Restricted Funds	120,800,300	130,273,845	130,273,850	9,473,550	0.0
GENERAL FUND/GENERAL PURPOSE ..	1,785,850,608	1,785,858,108	1,812,668,516	26,817,908	1.5
PAYMENTS TO LOCALS	4,670,654	4,050,073	4,050,073	(620,581)	(13.3)

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

1. Public Act 81 of 2001

N/A

A supplemental of \$2,550,300 was enacted for the Michigan Merit Award Scholarship Program, to provide an FY 2000-01 total of \$112,550,300 for the Program. The Department of Treasury estimates that 48,636 students who graduated in June 2001 qualified for the scholarships.

2. Public Act 120 of 2001

N/A

A supplemental of \$3,000,000 was appropriated to Wayne State University for perinatal research. This one-time allocation is intended to support the Wayne State University/Detroit Medical Center's proposal to become a permanent site for the National Institute of Health's Perinatal Research Branch.

B. TUITION RESTRAINT REDISTRIBUTION

Gross	0
GF/GP	0

Language in the FY 2000-01 Higher Education appropriation act (Sec. 403 of Public Act 298 of 2000) stipulated that any public university that increased its academic year 2000-01 undergraduate resident tuition and fees by more than 4.0% would suffer a 1.5% base appropriations loss during the development of the FY 2001-02 State budget. Northern Michigan University increased its academic year 2000-01 tuition and fees by 27.3% due to a new policy requiring students to purchase computers from the university in order to enroll. The 1.5% base reduction for Northern is \$768,890 and the Governor and the House recommended that these dollars be redistributed to the other 14 universities whose tuition increases were at or below 4.0%, based on the total number of fiscal-year-equated students at each institution. The Senate and the Conferees did not apply the tuition restraint redistribution.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

C. UNIVERSITY OPERATIONS

Gross	23,394,012
GF/GP	23,394,012

Subsequent to the tuition restraint redistribution recommendation, the Governor proposed an across-the-board 1.5% increase for the Operations line items for all 15 public universities. In April 2001, the Governor revised his recommendation and eliminated the 1.5% increase. The House and Senate proposed 1.5% and 3.5% operations increases, respectively, after adding per-student floor funding. (See next item.) The Conference Report included a 1.47% increase based on an FY 2000-01 total appropriation for University Operations of \$1,591,429,338. See Table 1, column 3, for the 1.47% increase amount for each institution.

D. PER STUDENT FLOOR FUNDING

Gross	662,850
GF/GP	662,850

The Governor's budget grouped the 15 public universities into five separate tiers, each with a different per student funding floor. As calculated by the Governor, five universities fell below their designated per-student funding floor. The Governor's budget allocated \$7,957,540 (0.5% overall) to these five universities with the first goal of attempting to bring Grand Valley and Saginaw Valley up to \$4,500 per student, and then using the remaining dollars to add \$47.28 per student for the other institutions. In April 2001, the Governor revised his recommendation and eliminated all per-student funding increases.

The House condensed the floor groupings from five to four and added \$100 to each, for floors of \$4,600 (Eastern, Ferris, Grand Valley, Lake Superior, Northern, Saginaw Valley, UM-Flint), \$4,800 (Central, Oakland, UM-Dearborn), \$5,800 (Michigan Tech, Western), and \$9,100 (Michigan State, UM-Ann Arbor, Wayne State). The Senate used only one \$4,700 floor to provide funds for Central, Eastern, Grand Valley, Oakland, Saginaw Valley, and UM-Flint. The Conference Report included the House language regarding four per-student funding floor groupings as well as a small amount (\$463,261) for floor funding, and \$199,589 for rounding and other changes.

E. NEED-BASED FINANCIAL AID

Gross	0
GF/GP	0

The Senate added \$20,000,000 from the Merit Award Trust Fund for need-based financial aid at the 15 universities, distributed based on their share of FY 2000-01 Operations appropriations. The Conference Report did not include this funding.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

F. INDIAN TUITION WAIVERS

Gross	0
GF/GP	0

The Senate transferred \$100,000 from Northern Michigan University to Lake Superior State University to allow Lake Superior to serve as the fiscal agent for Indian Tuition Waiver dollars for Bay Mills Tribal College. The Conference Report did not include this transfer.

G. LIMITS ON FUNDING INCREASES

Gross	0
GF/GP	0

The House bill allowed no university to receive less than a 2.0% increase or more than a 7.0% increase, except for those schools below \$4,600 per student (Grand Valley and Saginaw Valley), which were allowed to rise to that level. The Conference Report did not include funding limits.

H. STATE, REGIONAL, AND KING-CHAVEZ PARKS PROGRAMS

Gross	954,671
GF/GP	954,671

The Governor and House recommended 2.0% increases (later rescinded by the Governor), and the Senate recommended 3.5% increases, for the Agricultural Experiment Station (AES), the Cooperative Extension Service (CES), Project GREEN (which was established as a separate line item in the Governor's bill but not in the House or Senate bill), the Michigan Molecular Institute (MMI), the Japan Center, and the Martin Luther King, Jr.-Cesar Chavez-Rosa Parks Programs. The Conference Report provided 1.5% increases for AES, CES, and Project GREEN; 1.47% increases for MMI and the King-Chavez-Parks programs; and a reduction of \$111,771 for the Japan Center. The FY 2000-01 funding level of \$275,000 was retained for the higher education database, and a \$7,500 increase was included for the Midwest Higher Education Compact to bring the total FY 2001-02 dues payment up to \$82,500.

I. GRANTS AND FINANCIAL AID

Gross	2,806,375
Federal	1,000,000
GF/GP	1,806,375

The Governor and House recommended 2.0% increases, the Senate proposed 3.5% increases, and the Conferees provided 1.47% increases for the State General Fund-financed financial aid programs, as well as the degree reimbursement programs. All budgets also included \$1,000,000 in additional Federal funding for State Competitive Scholarships. The House and Senate appropriated an additional \$28,700,000 and \$20,000,000 respectively, from the Michigan Merit Award Trust Fund for Competitive Scholarships, to replace GF/GP support that was shifted to fund other increases in the Higher Education budget. The Conference Report did not include this fund shift. The lower half of Table 1, column 3, displays the dollar increases.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

J. TUITION INCENTIVE PROGRAM

The Tuition Incentive Program (TIP) provides an incentive to low-income middle and high school students to complete high school and continue on to college by pledging to pay their tuition and fees for associate degree or certificate programs, as well as up to \$2,000 at four-year institutions, if they complete high school. This program was funded from the Michigan Merit Award Trust Fund at a level of \$5,250,000 for FY 2000-01, and the Governor, House, Senate, and Conferees recommended no changes for FY 2001-02.

Gross	0
Restricted	0
GF/GP	0

K. TOBACCO SETTLEMENT - MICHIGAN MERIT AWARD PROGRAM

Michigan Merit Awards of up to \$2,500 may be used by qualified students for education and training at postsecondary institutions. Eligibility is based on student achievement on the MEAP tests or high achievement on college entrance exams (such as the ACT or SAT) or Work Keys skills tests. The FY 2000-01 appropriation for the Merit Awards was \$112,550,300 and the Governor, House, Senate, and Conferees recommended an increase of \$12,473,550 for an FY 2001-02 total of \$125,023,850. This recommendation is based on Department of Treasury projections of 55,000 eligible students with cash payments of \$75,719,795 and accounts payable (dollars held in reserve for eligible 2002 graduates who may receive their awards at a later date) of \$45,736,124. The high school graduating class of 2000 was the first to receive Merit Awards and the Department of Treasury estimates that there were 42,717 eligible students; for the class of 2001, the estimate is 48,636 students. Because there is not yet a full year of experience for the Merit Award Program and since students have up to seven years to claim their Merit Awards, there is still uncertainty as to what the long-term appropriation and expenditure pattern will be.

Gross	12,473,550
Restricted	12,473,550
GF/GP	0

L. TUITION TAX CREDIT REPEAL

N/A

The Governor recommended an FY 2001-02 appropriation of \$25,030,501 that was contingent on the repeal of the Michigan Tuition Tax Credit. An amount of \$23,871,438 (an increase of 1.5%) would be distributed to the 15 public universities based on their share of the FY 2000-01 Operations appropriations, and \$1,159,063 would be added to the General Degree Reimbursement Program, which distributes funds to the independent institutions based on the number of degrees they granted in the previous year. The Governor planned to include these appropriations in the bill that proposes to repeal the tuition tax credit, Senate Bill 371.

The House did not address this issue in its bill. The Senate included the 1.5% amount of \$25,030,501 in the base funding of the 15 universities and the grants and financial aid line items. The Conference Report included boilerplate language (Sec. 214) that appropriates \$27,533,553 for the base appropriations of the public universities and the General Degree Reimbursement Program, contingent on the repeal of the Michigan tuition tax credit. The allocation of the dollars would be determined by the Legislature.

Table 1: FY 2001-02 HIGHER EDUCATION ENACTED APPROPRIATIONS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
UNIVERSITIES	FY 2000-01 Enacted	2000-01 Approp Per Student*	Univ: Increase of 1.47%; Grants Fin. Aid: 1.47%	Floor Funding; Rounding, Other Program Changes	FY 2001-02 P.A. 118 of 2001	\$ Change from 2000-01	% Change from 2000-01	2001-02 Approp Per Student*
Central	88,542,155	4,555	1,301,570	160,075	90,003,800	1,461,645	1.7%	4,630
Eastern	86,367,530	4,659	1,269,603	67	87,637,200	1,269,670	1.5%	4,727
Ferris	54,715,920	6,417	804,324	56	55,520,300	804,380	1.5%	6,511
Grand Valley	59,076,955	4,081	868,431	150,014	60,095,400	1,018,445	1.7%	4,151
Lake Superior	14,061,894	5,060	206,710	96	14,268,700	206,806	1.5%	5,134
Michigan State	321,161,401	8,140	4,721,073	99,826	325,982,300	4,820,899	1.5%	8,262
Michigan Tech	54,441,216	8,912	800,286	98	55,241,600	800,384	1.5%	9,043
Northern	51,259,361	7,186	753,513	26	52,012,900	753,539	1.5%	7,292
Oakland	51,534,095	4,537	757,551	93,054	52,384,700	850,605	1.7%	4,612
Saginaw Valley	26,947,150	4,281	396,123	50,027	27,393,300	446,150	1.7%	4,352
UM-Ann Arbor	358,197,903	9,646	5,265,509	99,288	363,562,700	5,364,797	1.5%	9,791
UM-Dearborn	27,577,815	4,777	405,394	10,091	27,993,300	415,485	1.5%	4,849
UM-Flint	23,719,410	4,697	348,675	15	24,068,100	348,690	1.5%	4,766
Wayne State	249,970,059	10,824	3,674,560	81	253,644,700	3,674,641	1.5%	10,983
Western	123,856,474	5,424	1,820,690	36	125,677,200	1,820,726	1.5%	5,504
Agriculture Experiment Station	36,305,012		533,684	10,004	36,848,700	543,688	1.5%	
Cooperative Extension Service	31,314,190		460,319	8,091	31,782,600	468,410	1.5%	
Michigan Molecular Institute	233,426		3,431	43	236,900	3,474	1.5%	
Japan Center	417,071		6,131	(117,902)	305,300	(111,771)	-26.8%	
Higher Education Database	275,000				275,000	0	0.0%	
Midwest Higher Ed Compact	75,000			7,500	82,500	7,500	10.0%	
King-Chavez-Parks	2,947,230		43,324	46	2,990,600	43,370	1.5%	
TOTAL - UNIVERSITIES	1,662,996,267	6,980	24,440,901	570,632	1,688,007,800	25,011,533	1.5%	7,086
GRANTS & FINANCIAL AID								
Competitive Scholarships	34,875,692		478,863	1,000,061	36,354,616	1,478,924	4.2%	
Tuition Grants	65,142,587		957,596	17	66,100,200	957,613	1.5%	
Work Study	7,899,604		116,124	72	8,015,800	116,196	1.5%	
Part-time Independent	2,860,936		42,057	7	2,903,000	42,064	1.5%	
Dental Degree	4,979,026		73,192	82	5,052,300	73,274	1.5%	
General Degree	6,227,753		91,548	99	6,319,400	91,647	1.5%	
Allied Health Degree	921,508		13,546	46	935,100	13,592	1.5%	
Ed. Opportunity Grants (MEOG)	2,247,235		33,035	30	2,280,300	33,065	1.5%	
Byrd Scholarship Program	1,600,000		0		1,600,000	0	0.0%	
Michigan Merit Award Program	110,000,000		0	15,023,850	125,023,850	15,023,850	13.7%	
Tuition Incentive Program(TIP)	5,250,000		0		5,250,000	0	0.0%	
TOTAL - FINANCIAL AID	242,004,341		1,805,961	16,024,264	259,834,566	17,830,225	7.4%	
Federal	3,900,000		0	1,000,000	4,900,000	1,000,000	25.6%	
Michigan Merit Trust Fund	115,250,000		0	15,023,850	130,273,850	15,023,850	13.0%	
State GF/GP	122,854,341		1,805,961	414	124,660,716	1,806,375	1.5%	
TOTAL- HIGHER ED	1,905,000,608		26,246,862	16,594,896	1,947,842,366	42,841,758	2.2%	
TOTAL FEDERAL	3,900,000		0	1,000,000	4,900,000	1,000,000	25.6%	
TOTAL MERIT TRUST FUND	115,250,000		0	15,023,850	130,273,850	15,023,850	13.0%	
TOTAL STATE GF/GP	1,785,850,608		26,246,862	571,046	1,812,668,516	26,817,908	1.5%	

*FY 1999-2000 Fiscal-Year-Equated Students; Ag Experiment, Coop Extension & Proj. GREEN funds not included for MSU calculation.

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES
P.A. 120 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	0.0	139.7	0.0	0.0	0.0
GROSS	0	39,032,800	41,876,200	41,876,200	0.0
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	0	39,032,800	41,876,200	41,876,200	0.0
Less:					
Federal Funds	0	2,554,400	2,554,400	2,554,400	0.0
Local and Private	0	502,400	502,400	502,400	0.0
TOTAL STATE SPENDING	0	35,976,000	38,819,400	38,819,400	0.0
Less:					
Other State Restricted Funds	0	2,160,500	2,160,500	2,160,500	0.0
GENERAL FUND/GENERAL PURPOSE ..	0	33,815,500	36,658,900	36,658,900	0.0
PAYMENTS TO LOCALS	0	15,000,000	15,000,000	15,000,000	0.0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A.	COUNCIL FOR ARTS AND CULTURAL AFFAIRS ADMINISTRATION	Gross GF/GP	(77,000) (77,000)
	The budget does not include funding for an additional FTE to administer this grant program. The Governor recommended transferring this funding from an administrative line in the Department of Consumer and Industry Services prior to the transfer of this program into the new Department. The Legislature transferred this funding into the Grants line to offset some of the reductions required to meet the Target GF/GP level.		
B.	ARTS AND CULTURAL GRANTS	Gross GF/GP	(579,600) (579,600)
	The budget reduces this line from FY 2000-01.		
C.	ARTS AND CULTURAL SUPPLEMENTAL GRANTS	Gross GF/GP	2,500,000 2,500,000
	The budget includes a new line for additional funding for this grant program.		
D.	MUSEUM OF AFRICAN-AMERICAN HISTORY	Gross GF/GP	1,000,000 1,000,000
	The budget includes a separate line awarding General Fund support to this institution. This funding will be in addition to any grant awarded by the Council for Arts and Cultural Affairs from the competitive grant line.		
E.	ADMINISTRATIVE FUNDING	Gross GF/GP	180,000 180,000
	The budget includes new funding needed to support the administration of this program.		
F.	PROGRAM TRANSFERS	Gross Federal Restricted Private GF/GP	38,752,900 2,554,400 2,160,500 502,400 33,535,600
	This Department was created pursuant to Public Acts 61-79 of 2001. The budget for the Library of Michigan is included in the General Government appropriation, Pubic Act 83 of 2001. Transferred programs include the Council for Arts and Cultural Affairs, the Mackinac Island State Park Commission, the Michigan Historical Program, and the Office of Film and Television.		
G.	UNCLASSIFIED SALARIES	Gross GF/GP	120,000 120,000
	Additional funding was added to fund one new unclassified position in this new Department. This position will be filled by the Department Director.		

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

H. ECONOMIC ADJUSTMENTS

Gross	(20,100)
GF/GP	(20,000)

Economic adjustments were made to the Mackinac Island State Park Commission.

JUDICIARY
P.A. 55 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	590.5	591.5	591.5	1.0	0.2
GROSS	236,914,000	247,990,200	246,040,200	9,126,200	3.9
Less:					
Interdepartmental Grants Received	3,608,500	2,818,500	2,818,500	(790,000)	(21.9)
ADJUSTED GROSS	233,305,500	245,171,700	243,221,700	9,916,200	4.3
Less:					
Federal Funds	2,826,600	3,363,200	3,363,200	536,600	19.0
Local and Private	4,158,500	3,755,400	3,755,400	(403,100)	(9.7)
TOTAL STATE SPENDING	226,320,400	238,053,100	236,103,100	9,782,700	4.3
Less:					
Other State Restricted Funds	56,003,600	56,288,900	56,288,900	285,300	0.5
GENERAL FUND/GENERAL PURPOSE ..	170,316,800	181,764,200	179,814,200	9,497,400	5.6
PAYMENTS TO LOCALS	115,265,800	117,432,900	116,832,900	1,567,100	1.4

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A. JUDICIAL COMPENSATION

Gross	10,682,500
GF/GP	10,682,500

The budget includes adjustments to fully fund salaries of Supreme Court Justices, Court of Appeals Judges, Circuit Court Judges, Probate Court Judges, and District Court Judges. Judges' salaries are statutorily set at the following percentages of a Supreme Court Justice's salary:

Court of Appeals Judge	92%
Circuit Court Judge	85%
Probate Court Judge	85%
District Court Judge	84%

B. FEDERAL FUNDING ADJUSTMENTS

Gross	486,600
Federal	486,600
GF/GP	0

The budget includes the following additional Federal funds: \$438,600 for Friend of the Court administration; \$100,000 in TANF funds for local court staff training regarding absent parent protocol; \$50,000 in Department of Justice (DOJ) funding for a victims assistance conference; \$50,000 in DOJ funding for an underage drinking conference; and \$36,500 in DOJ funding for the State Appellate Public Defender Program. The following reductions to current-year Federal appropriations are included in the budget: \$37,600 in Court Improvement Project funding; \$75,000 in DOJ funding for a Drug Court Training Conference; and \$75,900 in U.S. Department of Agriculture mediation funding.

C. CHILD SUPPORT ENFORCEMENT SYSTEM LIAISON

FTE	1.0
Gross	90,000
Federal	50,000
GF/GP	40,000

The budget includes funding for a person to act as a liaison between the Supreme Court, the Family Independence Agency, and the local Friend of the Court offices regarding implementation of the Statewide Child Support Enforcement System.

D. HOLD HARMLESS FUND

Gross	(4,000,000)
GF/GP	(4,000,000)

Pursuant to MCL 600.151(b), the budget eliminates funding for the Hold-Harmless Fund, which was established for a five-year duration (FY 1996-97 through FY 2000-01).

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

E. COURT EQUITY FUND REIMBURSEMENTS

Gross	0
GF/GP	0

The Governor recommended a \$4,000,000 increase to the current year \$73,840,400 appropriation. The Senate and House reduced the increase to fund the new Judicial Technology Improvement Fund. The Conference Committee removed the entire increase (\$2,900,000 to fund Judicial Technology, \$500,000 to provide an increase for the Drug Court Program, and \$600,000 to meet the General Fund Target).

F. JUDICIAL TECHNOLOGY IMPROVEMENT FUND

Gross	2,900,000
GF/GP	2,900,000

The Senate transferred \$3,000,000 from Court Equity Fund Reimbursements to a new Judicial Technology Improvement Fund. The House provided for \$3,500,000. The Conference Committee included \$2,900,000. The new Judicial Technology Improvement Fund will be allocated for the development of a statewide telecommunications network and judicial information sharing system and also for technology innovations by local trial courts.

G. DRUG COURT PROGRAM

Gross	500,000
GF/GP	500,000

The Conference Committee increased funding for Drug Courts from \$1,200,000 to \$1,700,000. This is the third appropriation for the Drug Courts. The first appropriation of \$1,000,000 was included in an FY 1998-99 supplemental. The funds are administered by the State Court Administrative Office to implement new drug court programs, or for existing drug court programs if Federal funds are no longer available.

H. PART-TIME PROBATE JUDGES

Gross	(473,000)
GF/GP	(473,000)

The FY 2000-01 budget included funding to convert part-time probate judges to full-time status. Legislation that was necessary to implement this change has not been enacted. Funding is eliminated in FY 2001-02. The Legislature included new boilerplate language (Section 315) to provide that projected lapses will fund costs related to any statutory change to the status of part-time probate judges.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

I. GENERAL FUND TARGET REDUCTIONS

Gross (1,350,000)
GF/GP (1,350,000)

Leadership negotiations on resolution of the FY 2001-02 budget required additional reductions based on the May Consensus Revenue Estimating Conference. The reduction was calculated by reducing the Governor's original General Fund budget recommendation by 2.0%. Amounts in the budget related to judicial compensation were excluded from the 2.0% calculation. The 2.0% reduction totaled \$1,950,000. The Conference Committee reduced General Fund line items by 2.5%, except for Judicial Compensation, Drug Courts, and the Community Dispute Resolution Program. The 2.5% reduction totaled \$1,350,000. The balance of the \$1,950,000 reduction was achieved by not including increases for Court Equity Fund Reimbursements (Item E).

J. ECONOMIC ADJUSTMENTS

Gross 2,233,000
Local 76,800
Restricted 16,800
GF/GP 2,139,400

Standard economic adjustments are applied for salaries and wages, retirement, insurance, rent, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$600,200	\$562,800
Insurance	783,500	733,800
Retirement (defined benefit)	(5,200)	(5,300)
Retirement (defined contribution)	106,400	100,000
Workers' Compensation	(13,000)	(13,000)
Building Occupancy Charges	1,713,600	1,713,600
Private Rent	(952,500)	(952,500)
Total	\$2,233,000	\$2,139,400

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

K. OTHER ISSUES

Other changes include the elimination of one-time costs of \$50,000 for LEIN input compliance and \$20,000 related to the on-line Appellate Assigned Counsel appointment system, a reduction of \$1,269,900 related to available restricted and private funds, a reduction of \$603,000 to reflect actual costs of defined contribution and social security costs related to judges' compensation, and a funding shift of \$268,500 from the State General Fund to the Court Fee Fund.

Gross	(1,942,900)
IDG	(790,000)
Private	(479,900)
Restricted	268,500
GF/GP	(941,500)

**LEGISLATURE
P.A. 83 of 2001**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 ^{a)} YEAR-TO-DATE	FY 2001-02 ^{a)} GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	121,480,400	129,064,300	130,988,400	9,508,000	7.8
Less:					
Interdepartmental Grants Received	1,609,600	1,609,600	1,612,200	2,600	0.0
ADJUSTED GROSS	119,870,800	127,454,700	129,376,200	9,505,400	7.9
Less:					
Federal Funds	0	0	0	0	0.0
Local and Private	400,000	400,000	400,000	0	0.0
TOTAL STATE SPENDING	119,470,800	127,054,700	128,976,200	9,505,400	8.0
Less:					
Other State Restricted Funds	1,308,400	1,308,400	1,478,600	170,200	13.0
GENERAL FUND/GENERAL PURPOSE ..	118,162,400	125,746,300	127,497,600	9,335,200	7.9
PAYMENTS TO LOCALS	0	0	0	0	0.0

^{a)} FY 2000-01 Year-To-Date and FY 2000-01 Gov's Rec. is adjusted to reflect inclusion of the Legislative Auditor General.

A. LEGISLATIVE AUDITOR GENERAL

The Legislature transferred the appropriation for the Legislative Auditor General from a separate section to a line item under the appropriation for the Legislature. Changes for FY 2001-02 include:

1.	Lease Adjustment	Gross GF/GP	88,200 88,200
	The budget provides additional funding to reflect actual costs related to leased space in the Victor Center.		
2.	Unclassified Salaries	Gross GF/GP	5,200 5,200
	The budget includes a 2% increase for the Auditor General, from \$124,900 to \$127,400. Funding for the other 2.0 unclassified positions was also increased by 2.0%, from \$135,700 to \$138,400.		
3.	Audit Charges	Gross IDG Restricted GF/GP	104,800 2,600 102,200 0
	The budget includes adjustments to reflect projected audit charges to restricted funds in FY 2001-02.		
4.	General Fund Target Reduction	Gross GF/GP	(274,600) (274,600)
	Leadership negotiations on resolution of the FY 2001-02 budget required additional reductions based on the May Consensus Revenue Estimating Conference. The reduction was calculated by reducing the Governor's original General Fund budget recommendation by 2.0%.		
5.	Economic Adjustments	Gross GF/GP	454,300 454,300
	Standard economic adjustments are applied for salaries and wages, retirement, and insurance consistent with factors applied to all budgets. These adjustments include:		

Item	Gross	GF/GP
Salaries	\$203,800	\$203,800
Insurance	112,800	112,800
Retirement (defined benefit)	31,500	31,500
Retirement (defined contribution)	106,200	106,200
Total	\$454,300	\$454,300

B. LEGISLATORS COMPENSATION

Gross	3,927,900
GF/GP	3,927,900

The budget includes adjustments to fully fund salaries and expense allowances of Legislators in FY 2001-02.

C. E-LAW, LEGISLATIVE COUNCIL TECHNOLOGY PROJECT

Gross	2,504,000
GF/GP	2,504,000

The Conference Committee increased funding for this line from \$1,000 to \$2,505,000 based on Leadership Agreement.

D. WORKERS' COMPENSATION

Gross	5,200
GF/GP	5,200

The budget increases funding from \$154,800 to \$160,000 based on projected costs.

E. NATIONAL ASSOCIATION DUES

Gross	17,400
GF/GP	17,400

The budget increases funding from \$388,400 to \$405,800 based on actual costs.

F. GENERAL FUND TARGET REDUCTIONS

Gross	(1,795,800)
GF/GP	(1,795,800)

Leadership negotiations on resolution of the FY 2001-02 budget required additional reductions based on the May Consensus Revenue Estimating Conference. The reduction was calculated by reducing the Governor's original General Fund budget recommendation, after excluding salaries, supplemental salaries, and expense allowances of Legislators. A 2.0% reduction was applied to all items except House Operations, which received a 1.5% reduction.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

G. ECONOMIC ADJUSTMENTS

Gross 2,965,800
GF/GP 2,965,800

Standard economic adjustments are applied for salaries and wages, retirement, and insurance consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$989,900	\$989,900
Insurance	676,700	676,700
Retirement (defined benefit)	363,600	363,600
Retirement (defined contribution)	935,600	935,600
Total:	\$2,965,800	\$2,965,800

H. OTHER ADJUSTMENTS

Gross 290,500
Restricted 68,000
GF/GP 222,500

Other changes include \$290,500 for the House Office Building lease costs, a \$68,000 funding shift from GF/GP in Legislative Retirement based on estimated Court Fee Revenue, and other technical changes.

I. FY 2001-02 SUPPLEMENTAL APPROPRIATIONS

Public Act 120 of 2001

Gross 1,215,100
GF/GP 1,215,100

The supplemental includes funding for costs associated with the transfer of the Library of Michigan to the new Department of History, Arts, and Libraries. The amount consists of \$990,900 transferred from the Library of Michigan Budget related to property management staff and staff associated with the Legislative Web Site. The balance (\$224,200) is due to one-time equipment costs and actual costs related to operating and maintaining the web site.

**LIBRARY OF MICHIGAN
P.A. 83 of 2001**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	39,916,700	39,995,600	39,308,100	(608,600)	(1.5)
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	39,916,700	39,995,600	39,308,100	(608,600)	(1.5)
Less:					
Federal Funds	4,557,400	4,557,400	4,557,400	0	0.0
Local and Private	75,000	75,000	75,000	0	0.0
TOTAL STATE SPENDING	35,284,300	35,363,200	34,675,700	(608,600)	(1.7)
Less:					
Other State Restricted Funds	86,900	86,900	86,900	0	0.0
GENERAL FUND/GENERAL PURPOSE ..	35,197,400	35,276,300	34,588,800	(608,600)	(1.7)
PAYMENTS TO LOCALS	21,783,200	21,696,100	21,271,500	(511,700)	(2.3)

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A. RENAISSANCE ZONE REIMBURSEMENT

Gross	(87,100)
GF/GP	(87,100)

The budget reduces the appropriation for Renaissance Zone Reimbursement from \$501,000 to \$413,900 based on estimates to fund actual costs pursuant to the Michigan Renaissance Zone Act.

B. BASELINE COSTS

Gross	590,000
GF/GP	590,000

The Conference Committee provided an adjustment for Library Operations to reflect full funding of actual costs. A transfer from the Legislative Council funded FY 2000-01 shortages.

C. GENERAL FUND TARGET REDUCTIONS

Gross	(705,500)
GF/GP	(705,500)

Leadership negotiations on resolution of the FY 2001-02 budget required additional reductions based on the May Consensus Revenue Estimating Conference. The reduction was calculated by reducing the Governor's original General Fund budget recommendation by 2.0%. The Conference Committee applied the reduction to all lines except the Wayne County Library for the Blind and Physically Handicapped and Renaissance Zone Reimbursements because there was no point of difference between the Senate and House on those line items.

LIBRARY OF MICHIGAN	<u>Reduction</u>
Operations	(180,200)
Michigan Library and Historical Center Operations	(57,500)
Library Automation	(15,000)
Statewide Database Access	(21,600)
Book Distribution Centers	(6,600)
State Aid to Libraries	(287,000)
Grant to the Detroit Public Library	(117,400)
Grand Rapids Public Library	(8,100)
Subregional State Aid	(12,100)
Total	<u>(705,500)</u>

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

D. ECONOMIC ADJUSTMENTS

Gross 166,000
GF/GP 166,000

Standard economic adjustments are applied for salaries and wages, retirement, and insurance consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries	\$121,200	\$121,200
Insurance	71,600	71,600
Retirement (defined benefit)	(33,600)	(33,600)
Retirement (defined contribution)	6,800	6,800
Total	\$166,000	\$166,000

E. FY 2001-02 SUPPLEMENTAL APPROPRIATIONS

Public Act 120 of 2001

Gross (572,000)
GF/GP (572,000)

The supplemental transfers \$990,900 from the Library of Michigan to the Legislature for staff associated with property management for the Legislature and the Legislative Web Site. The supplemental also includes an additional \$418,900 to reflect costs associated with Civil Service classifications for former legislative employees who were transferred to the new Department of History, Arts, and Libraries, pursuant to Public Act 62 of 2001.

DEPARTMENT OF MANAGEMENT AND BUDGET
P.A. 83 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	961.5	919.5	919.5	(42.0)	(4.4)
GROSS	175,095,000	175,936,600	174,994,200	(100,800)	(0.1)
Less:					
Interdepartmental Grants Received	72,113,300	85,513,600	85,513,600	13,400,300	18.6
ADJUSTED GROSS	102,981,700	90,423,000	89,480,600	(13,501,100)	(13.1)
Less:					
Federal Funds	650,500	380,300	380,300	(270,200)	(41.5)
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	102,331,200	90,042,700	89,100,300	(13,230,900)	(12.9)
Less:					
Other State Restricted Funds	46,305,200	42,923,200	42,923,200	(3,382,000)	(7.3)
GENERAL FUND/GENERAL PURPOSE ..	56,026,000	47,119,500	46,177,100	(9,848,900)	(17.6)
PAYMENTS TO LOCALS	0	0	0	0	0.0

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

Public Act 81 of 2001

1. **Budgetary Savings.** The supplemental includes a 0.5% GF/GP departmentwide reduction in order to meet reduced revenue estimates. The Act removed \$234,800 from various line items.
2. **Office of the State Employer.** The supplemental includes \$500,000 from Restricted funds for the integration of workers' compensation and long-term disability reporting in the Office of the State Employer, made possible by the implementation of the Human Resources Management Network.
3. **e-Michigan.** Supplemental funding of \$100,000 Federal and \$1,900,000 Restricted funds is included to support this two-year initiative to enable access to many State services online.
4. **State Space Plan.** Implementation of the State Space Plan began in FY 2000-01. In this plan, the Department of Management and Budget becomes responsible for the management of all State properties and leases. Fiscal year 2000-01 began a transition for many departments as they move to new locations and shift between private leases and State office space. The Act includes \$9,300,000 GF/GP to support the transition.

B. STATE SPACE PLAN ADJUSTMENT

The FY 2001-02 enacted budget increases the funding for the State Space Plan that was implemented in FY 2000-01. This funds the transition to new office space and the Department's taking over management of leases. Additionally, due to high renovation costs, two State-owned buildings in Detroit are being phased out and prepared for sale, resulting in a decrease of 24.0 FTEs.

FTE	(24.0)
Gross	11,370,200
IDG	11,370,200
GF/GP	0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

C. OFFICE OF DESIGN AND CONSTRUCTION

Due to an influx of capital outlay dollars and many new State projects, oversight and management responsibilities have exceeded the capacity of current staff. The budget includes 6.0 FTEs for this staff and the funding is made available from user fees assessed on the construction projects. The remaining 2.0 FTEs are for the soil erosion and sedimentation control staff. The Natural Resources and Environmental Protection Act of 1994 made additional demands on this staff; the office has been unable to meet its responsibilities with current personnel and requested additional positions to ensure compliance with the law.

FTE	8.0
Gross	750,600
IDG	750,600
GF/GP	0

D. OFFICE OF RETIREMENT SERVICES

The budget decreases the appropriation for administration of the Deferred Compensation pension plan due to administrative efficiencies since the program was transferred to the Office of Retirement Services from the Department of Treasury in FY 2000-01.

Gross	(1,500,000)
Restricted	(1,500,000)
GF/GP	0

E. HEALTH INSURANCE RESERVE FUND PAYMENT

The budget includes a payment to the Health Insurance Reserve Fund of \$154,100. This is \$258,100 less than in FY 2000-01. The payment is based on the savings from FY 1999-2000. The savings, and thus the payment, is reduced because Defined Benefit pension rates are low due to favorable investment returns earned by State-sponsored retirement systems.

Gross	(258,100)
GF/GP	(258,100)

F. UNDESIGNATED BUDGETARY SAVINGS

The budget reduces departmentwide GF/GP appropriations by 0.5%. This negative appropriation will be implemented at a later date by specific reductions in the appropriation line items within the Department.

Gross	(238,300)
GF/GP	(238,300)

G. 2% GENERAL FUND REDUCTION

In order to meet reduced estimates, a 2% GF/GP reduction is taken from six line items in the Department's budget.

Gross	(942,400)
GF/GP	(942,400)

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

H. UNCLASSIFIED SALARIES

Gross 11,000
GF/GP 11,000

The budget increases the line item that funds 6.0 FTE unclassified positions by \$11,000 from \$548,600 to \$559,600. Economic increases for this line amount to a 2% increase over the FY 2000-01 appropriation.

I. ECONOMIC ADJUSTMENTS

Gross 2,338,300
IDG 1,077,700
Restricted 373,700
GF/GP 886,900

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, workers' compensation, fuel and utilities, defined contribution, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries and Wages	\$926,200	\$319,700
Insurance	536,700	187,845
Retirement	25,500	8,925
Building Occupancy Charges	177,400	299,800
Fuel and Utilities	271,500	0
Defined Contribution	201,800	70,630
Workers' Compensation	199,200	0
Total	\$2,338,300	\$886,900

J. OTHER ISSUES

FTE (26.0)
Gross (11,632,100)
IDG 201,800
Federal (270,200)
Restricted (2,255,700)
GF/GP (9,308,000)

Other issues in the budget include the removal of one-time funding for electronic records management improvements provided in FY 2000-01, an adjustment to printing costs in the Office of Retirement Services, and adjustments made based on the Statewide Cost Allocation Plan (SWCAP). The SWCAP is a mechanism by which the State identifies and allocates cost incurred for a joint purpose that benefits more than one program or function. Efficiencies in the Office of Property Services have permitted a decrease in FTEs. The budget includes adjustments for items contained in supplemental appropriations for FY 2000-01.

DEPARTMENT OF MILITARY AFFAIRS
P.A. 54 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	1,081.0	1,083.5	1,083.5	2.5	0.2
GROSS	102,811,500	101,855,800	102,059,600	(751,900)	(0.7)
Less:					
Interdepartmental Grants Received	200,000	110,000	110,000	(90,000)	0.0
ADJUSTED GROSS	102,611,500	101,745,800	101,949,600	(661,900)	(0.6)
Less:					
Federal Funds	37,550,600	36,188,100	36,386,100	(1,164,500)	(3.1)
Local and Private	425,000	480,000	480,000	55,000	12.9
TOTAL STATE SPENDING	64,635,900	65,077,700	65,083,500	447,600	0.7
Less:					
Other State Restricted Funds	22,988,200	23,255,800	23,252,400	264,200	1.1
GENERAL FUND/GENERAL PURPOSE ..	41,647,700	41,821,900	41,831,100	183,400	0.4
PAYMENTS TO LOCALS	120,000	120,000	120,000	0	0.0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

Public Act 81 of 2001

The supplemental provided a negative appropriation of \$209,200 for FY 2000-01. Reductions were taken from Headquarters and Armories (\$30,000) and Military Training Sites (\$179,200).

B. CIVIL AIR PATROL GRANT

Gross	(20,000)
GF/GP	(20,000)

The FY 2001-02 enacted budget eliminates a one-time grant to the Michigan Civil Air Patrol.

C. RETIREMENT/SURVIVOR BENEFIT ADJUSTMENTS

Gross	93,000
GF/GP	93,000

The budget includes an increase in retirement payments (\$44,600) and survivor benefits (\$48,400) to reflect actual costs.

D. SPECIAL MAINTENANCE STATE

Gross	(115,000)
GF/GP	(115,000)

The budget reduces the appropriation for maintenance of State facilities from \$616,200 to \$501,200.

E. DEPARTMENTWIDE ACCOUNTS

Gross	(88,200)
GF/GP	(88,200)

The budget reduces the appropriation for departmentwide accounts from \$2,107,400 to \$2,019,200.

F. STARBASE GRANT

Gross	198,000
Federal	198,000
GF/GP	0

The budget includes additional Federal funds for the Starbase Grant program, which provides science and math education for at-risk youth. The original FY 2000-01 appropriation was \$402,000.

G. NATIONAL GUARD TUITION ASSISTANCE PROGRAM

Gross	(200,000)
GF/GP	(200,000)

The budget reduces the appropriation for the Guard tuition program, from \$2,000,000 to \$1,800,000, to reflect actual costs.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

H. VETERANS SERVICE ORGANIZATIONS

Gross 0
GF/GP 0

The budget includes no change to this appropriation (\$3,884,400) for FY 2001-02.

I. UNCLASSIFIED SALARIES

Gross 30,500
GF/GP 30,500

The budget includes a 5% increase to unclassified salaries, from \$616,900 to \$647,400, in accordance with Federal guidelines for State military pay.

J. ECONOMIC ADJUSTMENTS

Gross 1,722,700
Federal 480,100
Restricted 453,100
GF/GP 789,500

Standard economic adjustments are applied consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries and Wages	\$629,800	\$181,000
Insurance	488,200	258,700
Retirement DC	266,900	141,500
Retirement DB	21,800	42,600
Workers' Compensation	102,000	53,500
Food	72,800	38,200
Fuel/Utilities	141,200	74,000
Total	\$1,722,700	\$789,500

K. OTHER ISSUES

Gross (1,722,900)
IDG (90,000)
Federal (1,332,600)
Local/Private 105,000
Restricted (188,900)
GF/GP (306,400)

The budget makes adjustments for various Federal, Private, Restricted, and GF/GP fund sources.

DEPARTMENT OF NATURAL RESOURCES
P.A. 44 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 ENACTED	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	2,239.5	2,221.5	2,177.5	(62.0)	(2.8)
GROSS	261,621,500	254,849,200	256,827,000	(4,794,500)	(1.8)
Less:					
Interdepartmental Grants Received	3,679,400	3,416,900	3,416,900	(262,500)	(7.1)
ADJUSTED GROSS	257,942,100	251,432,300	253,410,100	(4,532,000)	(1.8)
Less:					
Federal Funds	25,172,900	27,072,900	28,461,700	3,288,800	13.1
Local and Private	1,828,900	1,748,800	1,748,800	(80,100)	(4.4)
TOTAL STATE SPENDING	230,940,300	222,610,600	223,199,600	(7,740,700)	(3.4)
Less:					
Other State Restricted Funds	177,261,500	166,390,200	171,116,200	(6,145,300)	(3.5)
GENERAL FUND/GENERAL PURPOSE ..	53,678,800	56,220,400	52,083,400	(1,595,400)	(3.0)
PAYMENTS TO LOCALS	24,668,700	22,737,900	22,587,900	(2,080,800)	(8.4)

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

1. Public Act 506 of 2000

This FY 2000-01 supplemental included the following items for the Department of Natural Resources: a \$200,000 appropriation from the Snowmobile Trail Improvement Fund for a snowmobile trail grooming demonstration project at the Keweenaw Research Center at the Michigan Technological University; the elimination of \$602,700 in farmland and open space withdrawal fees, as the farmland and open space preservation program was transferred to the Department of Agriculture; and a \$2,000,000 appropriation of residual amounts available from the 1988 Recreation Bond Fund for local recreation grants.

2. Public Act 81 of 2001

The following adjustments were included in this FY 2000-01 supplemental: a General Fund reduction totaling \$279,800, or 0.5% of the total General Fund appropriations for the Department; the replacement of \$2,000,000 in General Fund appropriations in the timber harvest line item with \$2,000,000 forest resource revenue; and a \$1,700,000 increase in the snowmobile local grants program supported with Snowmobile Trail Improvement Fund dollars.

B. GAME AND FISH PROTECTION FUND

Appropriations from the Game and Fish Protection Fund (Fund) are beginning to exceed the available revenue from the Fund. As recommended by the Governor and agreed to by the House and Senate, the following adjustments are made in the enacted FY 2001-02 budget to bring Fund appropriations and revenues into line.

1. Customer Service Initiative

The budget eliminates project funding initiated in FY 1998-99 to improve customer service through the provision of an 800-number and the creation of a department-wide database.

Gross	(1,000,000)
Restricted	(1,000,000)
GF/GP	0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

2. Wildlife Biologists

Funding to support 8.0 wildlife biologist positions in the Wildlife Management Division was provided by the Legislature in the FY 2000-01 budget. The positions and funding were eliminated in FY 2001-02.

FTEs	(8.0)
Gross	(600,000)
Restricted	(600,000)
GF/GP	0

3. Fund Shift

A shift in programming to projects supportable with the turkey and deer habitat subfunds of the Fund results in an offset to the Fund of \$700,000.

Gross	0
Restricted	0
GF/GP	0

4. In-Car Computers

Fund dollars were appropriated in FY 1999-2000 for the installation of in-car computers in the vehicles of conservation officers. These dollars were never spent for this purpose, as an FY 1999-2000 supplemental from the General Fund was substituted for the same purpose. The budget removes the Fund appropriation from the budget base.

Gross	(1,500,000)
Restricted	(1,500,000)
GF/GP	0

5. Conservation Officer Reduction

Further Fund savings are achieved by eliminating 10 conservation officer positions.

FTEs	(10.0)
Gross	(1,000,000)
Restricted	(1,000,000)
GF/GP	0

C. TIMBER MARKING

The House, Senate, and enacted budgets include increased forest resource revenue appropriations for expanded timber marking activities. The House included language allowing the hiring of 20 temporary employees for timber marking. The Senate and enacted budgets include language prohibiting spending from the new timber marking appropriation unless available forest resource revenue exceeds \$23,857,700. The language also requires the Department to determine and report revenue projections quarterly and allows spending to employ up to 20 temporary employees for timber marking if revenue is available.

Gross	2,000,000
Restricted	2,000,000
GF/GP	0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

D. GREAT LAKES FISHERIES CONSENT DECREE

The State and several Native American Tribes have agreed to abide by the provisions of a consent decree governing the allocation, management, and regulation of State and Tribal fisheries in the 1836 Treaty waters of the Great Lakes. The budget includes \$500,000 GF/GP for enforcement of the provisions of the consent decree, as well as \$100,000 in Game and Fish Protection Fund support for a survey of the recreational fishing harvest in Treaty waters.

Gross	600,000
Restricted	100,000
GF/GP	500,000

E. LAND AND WATER CONSERVATION GRANTS

The enacted budget, as recommended by the Governor and agreed to by the House and Senate, includes Federal grant funds for land acquisition and outdoor recreation area development projects similar to those supported by the Michigan Natural Resources Trust Fund. Half of the Federal funding will be used for State projects, with the remainder dedicated to local projects.

Gross	2,633,000
Federal	2,633,000
GF/GP	0

F. MICHIGAN CIVILIAN CONSERVATION CORPS - TRICENTENNIAL PARK

Michigan Civilian Conservation Corps (MCCC) Endowment Fund dollars are included in the enacted budget for the support of MCCC assistance with the Tricentennial Park Project in Detroit. An FY 2001-02 supplemental, Public Act 120 of 2001, repealed the language that would have dedicated the increase in MCCC Endowment Fund appropriations to the Tricentennial Park Project, leaving the increased funds for the general operation of the MCCC program.

Gross	200,000
Restricted	200,000
GF/GP	0

G. BOVINE TUBERCULOSIS

The Legislature provided Game and Fish Protection Fund support for 4.0 wildlife biologist positions who will assist in the investigation and analysis of harvested deer for the presence of bovine tuberculosis.

FTEs	4.0
Gross	300,000
Restricted	300,000
GF/GP	0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

H. TARGET SAVINGS

In order to ensure that the entire budget would be open for negotiation during Conference Committee deliberations, the Senate created at least a \$100 difference in each line item of the budget. To resolve these differences and to achieve the savings necessary to meet the prescribed General Fund target, the Conference Committee made the following adjustments: eliminated local lake level assessment funding (\$200,000), and grants for the cleanup of tax reverted properties (\$150,000); reduced Administrative Services funding by \$112,800, Forest Resource Management by \$100,000, resource mapping and aerial photography by \$50,000, and law enforcement by \$166,600; reduced the urban and suburban tree planting initiative by \$283,500 from \$540,000; and replaced \$1,000,000 in General Fund support for forest resource management with Forest Development Fund dollars.

Gross	(1,062,900)
Restricted	1,000,000
GF/GP	(2,062,900)

I. DIRECTIONAL DRILLING

The House included language prohibiting the Department from leasing the Great Lakes bottomlands for directional drilling until the Natural Resources Commission accepted and approved recommendations of the 2001 Working Group on Oil and Gas Leasing Procedures. Senate language prohibited expenditures for leasing Great Lakes bottomlands for directional drilling unless specific conditions and standards were met. No language concerning directional drilling was included in the enacted budget.

Gross	NA
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J. TIMBER HARVEST

As recommended by the Governor and agreed to by the House and Senate, the enacted budget includes modified language concerning timber marking requirements. Fiscal year 2000-01 language prohibited the Department from allowing reduction of timber marked for harvest and sale to fall below 855,000 cords or 69,000 acres. The modified language instead requires the Department to prescribe appropriate treatment for 63,000 acres (House, Senate, enacted) (instead of the 69,000 recommended by the Governor), plus or minus 10%. The House, Senate, and enacted language also encourages continued workgroup efforts to establish an old growth forest stewardship strategy. The House, Senate, and enacted budgets retain the FY 2000-01 requirement that the impact of timber harvesting on wildlife habitat and recreation be considered.

Gross	NA
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**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

K. PROGRAM TRANSFERS

Under Public Act 63 of 2001 and related legislation, which created the Department of History, Arts, and Libraries, the Mackinac Island State Park Commission, the Park, and associated facilities and appropriations were transferred to the new Department. The budget was adjusted to reflect the transfer.

FTEs	(48.0)
Gross	(3,534,600)
Restricted	(1,460,500)
GF/GP	(2,074,100)

L. FEE INCREASES - SNOWMOBILE TRAIL PERMIT FEES

Public Act 15 of 2001 doubled the snowmobile trail permit fee from \$10 to \$20, beginning June 30, 2001. The House, Senate, and enacted budgets provide increased Snowmobile Trail Improvement Fund dollars, supported by the increased fee revenue, for snowmobile trail maintenance grants.

Gross	900,000
Restricted	900,000
GF/GP	0

M. UNCLASSIFIED SALARIES

The enacted budget, as recommended and agreed to, includes a 2.0% increase for unclassified salaries, bringing total unclassified salary funding to \$430,000.

Gross	9,200
IDG	100
Restricted	7,900
GF/GP	1,200

N. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, contractual services, supplies, and materials (CSS&M), workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	4,038,200
IDG & IDT	58,300
Federal	353,600
Private	19,900
Restricted	3,046,200
GF/GP	560,200

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

Item	Gross	GF/GP
Salaries and Wages	\$1,922,800	\$297,600
Insurance	1,182,300	189,200
Retirement	808,000	20,300
CSS&M	(8,500)	(3,000)
Workers' Compensation	179,500	38,600
Building Occupancy Charges	62,300	38,900
Rent - privately owned property	(108,200)	(21,400)
Total	\$4,038,200	\$560,200

O. OTHER ISSUES

Other budget changes include adjustments to reflect the availability of various Federal and State restricted sources of financing, statutorily-based inflationary adjustments in the State parks and stream habitat programs, a technical adjustment eliminating an intradepartmental transfer for the internal audit function, and the elimination of one-time supplemental and contingency fund transfer items.

Gross	(6,777,400)
IDG/IDT	(320,900)
Federal	302,200
Private	(100,000)
Restricted	(8,138,900)
GF/GP	1,480,200

SCHOOL AID
P.A. 121 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	10,892,285,000	11,067,844,400	11,458,313,400	566,028,400	5.2
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	10,892,285,000	11,067,844,400	11,458,313,400	566,028,400	5.2
Less:					
Federal Funds	160,000,000	120,000,000	203,000,000	43,000,000	26.9
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	10,732,285,000	10,947,844,400	11,255,313,400	523,028,400	4.9
Less:					
Other State Restricted Funds	10,346,671,500	10,527,230,900	11,049,699,900	703,028,400	6.8
GENERAL FUND/GENERAL PURPOSE ..	385,613,500	420,613,500	205,613,500	(180,000,000)	(46.7)
PAYMENTS TO LOCALS	10,465,060,000	10,750,677,500	10,975,871,600	510,811,600	4.9

The School Aid budget for FY 2000-01 was originally enacted in Public Act (P.A.) 119 of 1999 as part of the second supplemental for FY 1999-2000 and the third supplemental for FY 1998-99. Public Act 297 of 2000 not only included supplemental items for FY 2000-01, it also provided first-time appropriations for FY 2001-02 and FY 2002-03. After the Consensus Revenue Estimating Conference in May 2001, it was determined that School Aid Fund revenues would fall short of earlier projections and thus the School Aid Act would have to be further amended to bring the budget back into balance. Public Act 121 of 2001 (H.B. 4371) provides supplemental appropriations for FYs 2000-01, 2001-02, and 2002-03. These changes to P.A. 297 appropriations are described below. The FY 2000-01 changes are shown as supplemental changes to that year whereas the FY 2001-02 changes are shown as changes to the prior year (FY 2000-01) as adjusted by the supplemental changes.

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

1. New Funding Method Description

N/A

The supplemental maintained the first year of a change to the new funding method for foundation allowance and special education payments in order to comply with the *Durant I* and *Durant II* court settlements to ensure that districts receive their guaranteed FY 1994-95 foundation allowance and their court-required special education payments. These payments are calculated as though they were paid out in one sum as was done in the prior funding method; however, they are disbursed in three separate payments. First, the amount due a district is calculated under the prior method. Then, the first payment to a district is an amount equal to its 1994-95 foundation allowance times all pupils (general education and special education pupils). The second payment is the special education payment that is equal to the requirements under the *Durant I* and *II* settlements (70% of special education transportation costs and 28% of special education costs). The third payment is a payment to ensure that each district will receive the full amount of what it would have received under the previous payment method that is not accounted for in the first or second payment.

		Change from FY 2000-2001 Year-to-Date
2. Proposal A Obligation Payment	Gross	(30,000,000)
	Restricted	(30,000,000)
<p>This is a new line item created by P.A. 297 of 2000 to fund the first part of the new funding method to ensure that districts receive their FY 1994-95 foundation allowance times the district's current-year general education and special education pupils. Public Act 121 of 2001 reduces this appropriation to reflect necessary changes due to updated pupil and taxable value estimates.</p>		
3. Special Education	Gross	(7,900,000)
	Federal	15,000,000
	Restricted	(7,100,000)
<p>This revised appropriation is used to make the payment for the second part of the new funding mechanism, the required <i>Durant</i> payment. The State portion of the payments is decreased by \$7,100,000 in P.A.121 to reflect costs that are lower than previously estimated due to updated special education pupil and cost estimates. Federal grants are increased by \$15,000,000.</p>		
4. Discretionary Payment	Gross	53,000,000
	Restricted	53,000,000
<p>Public Act 297 also created a new line item to fund the third payment of the new funding method. The payment is made to districts to ensure that they receive the full amount of funding calculated under the original funding method. Public Act 121 increases the original appropriation to reflect changes due to updated pupil and taxable value estimates.</p>		
5. School Lunch Program	Gross	500,000
	Restricted	500,000
<p>Public Act 121 increases the original appropriation to reflect changes due to updated cost estimates.</p>		

		Change from FY 2000-2001 Year-to-Date
6. Anticipated Lapse Items	Gross	(61,450,000)
	Restricted	(61,450,000)
<p>Several line items were going to lapse funds at the end of FY 2000-01. In order to reduce the expenditures for K-12 education in FY 2000-01, these lapses were realized as reductions in the program lines, thereby reducing the appropriations for this fiscal year in those lines. The line items for which lapses were realized include: Infrastructure Grants (\$34,000,000); School Readiness (\$3,950,000); Small Class-size Program (\$3,100,000); Elementary Summer School Program (\$10,000,000); Coordinating Counseling Services (\$8,400,000); and Career Preparation System Implementation Grants (\$2,000,000).</p>		
7. Professional Development	Gross	(10,000,000)
	Restricted	(10,000,000)
<p>The supplemental eliminates all of the funding for professional development for teachers beginning in this fiscal year.</p>		
8. Vetoes	Gross	0
	Restricted	0
<p>The supplemental (P.A. 121 of 2001) reduced funding for the Golden Apples line item to \$50,000 in FY 2000-01 for prior-year adjustments, and completely eliminated funding for the program beginning in the next fiscal year. The Governor vetoed the entire section of the Act (Section 96), thereby reinstating the full funding of \$8,000,000 not only for FY 2000-01, but also for FY 2001-02. The effect of this veto on year-to-date change is zero since the \$8,000,000 was already appropriated in current law.</p>		

B. FY 2001-02 SUPPLEMENTAL APPROPRIATIONS

N/A

1. Foundation Allowance Description

Public Act 121 maintains funding such that all districts will receive a minimum foundation allowance of \$6,500 in FY 2001-02. The basic foundation allowance is increased by 5.0% or \$300 to \$6,300 per pupil. In addition, any school district with a foundation allowance below \$6,500 per pupil will receive an equity payment of up to \$200 per pupil to ensure that all districts have a minimum foundation allowance of \$6,500. As in FY 2000-01, this amount is used only for calculation purposes to determine the amount a district will receive via the new funding mechanism.

2. Remaining Line Items

Many of the supplemental changes for FY 2001-02 contained in P.A. 121 were enacted for the same reasons listed above for FY 2000-01. The following table lists the appropriations for FY 2000-01 as amended by P.A. 121 as well as the appropriations for FY 2001-02 as amended by PA. 121. Items that are shown as negatives in the change column are a reduction from FY 2000-01 in order to align expenditures with projected revenues. Many line items actually receive an increase from FY 2000-01 to FY 2001-02 as seen in the change column; however, the increases are smaller than originally appropriated in P.A. 297 of 2000. In addition, the Detroit Public Schools receive an allocation of \$15,000,000, which is new for this fiscal year when compared to P.A.297.

Gross	566,028,400
Federal	43,000,000
Restricted	703,028,400
GF/GP	(180,000,000)

See Table

Item	FY 2000-01 Appropriation Year-to-Date	FY 2001-02 Appropriation Year-to-Date	Dollar Change from FY 2000-01 to FY 2001-02	Source
High Local District Revenue Grants	\$1,050,000	\$0	(1,050,000)	Restricted
Proposal A Obligation Payment	7,151,000,000	7,042,100,000	(108,900,000)	Restricted
Discretionary Payment	1,864,000,000	2,377,200,000	513,200,000	Restricted
Equity Payment	0	129,000,000	129,000,000	Restricted
Court-Placed Pupils	7,900,000	8,400,000	500,000	Restricted
At-Risk	304,000,000	314,200,000	10,200,000	Restricted
School Lunch Programs	14,831,700	15,761,700	930,000	Restricted and GF/GP
Parental Involvement and Education	45,250,000	45,000,100	(249,900)	GF/GP
School Readiness	88,850,000	72,800,000	(16,050,000)	GF/GP
Reading Programs	60,250,000	45,000,000	(15,250,000)	Restricted and GF/GP
Elem. Summer School Program	28,000,000	0	(28,000,000)	Restricted
Coordinating Counseling Services	1,600,000	0	(1,600,000)	Restricted
Detroit Public Schools	15,000,000	15,000,000	0	Restricted
Special Education - State	739,021,900	794,821,900	55,800,000	Restricted
Special Education - Federal	160,000,000	203,000,000	43,000,000	Federal
Gifted and Talented	6,000,000	5,000,000	(1,000,000)	Restricted
ISD Voc. Ed. Millage Eq.	9,810,000	11,190,000	1,380,000	Restricted
Voc. Ed. Technical Centers	1,800,000	0	(1,800,000)	Restricted
ISD General Operations Support	87,781,700	92,170,800	4,389,100	Restricted
Taxable Value Changes	320,000	890,000	570,000	Restricted
DEPI	2,160,000	2,332,000	172,000	GF/GP
Michigan Virtual High School	15,000,000	1,500,000	(13,500,000)	GF/GP
Curriculum Development	1,200,000	0	(1,200,000)	GF/GP
Math/Science Centers	9,745,100	10,232,300	487,200	Restricted
Adult Education	80,000,000	75,000,000	(5,000,000)	Restricted

**Change from
FY 2000-01
Year-to-Date**

3. Vetoes

Gross	0
Restricted	0

The supplemental (P.A. 121 of 2001) eliminated funding for the Golden Apples and Partnership for Adult Learning (PAL) line items for FY 2001-02. The Governor vetoed these entire sections of the School Aid Act (Sections 96 and 108), thereby reinstating the full funding of \$8,000,000 for Golden Apples and \$28,000,000 for PAL. The effect of these vetoes on year-to-date change is zero since the \$8,000,000 and \$28,000,000 were already appropriated in current law.

**Change from
FY 2001-02
Year-to-Date**

C. FY 2002-03 SUPPLEMENTAL APPROPRIATIONS

N/A

1. Foundation Allowance Description

Originally, P.A. 297 of 2000 increased the basic foundation allowance by 3.1% or \$200 to \$6,700. However, the Governor's vetoes in P.A. 121 of 2001 effectively only guarantee that each district will receive its FY 1994-95 foundation allowance amount for **ALL** (general education and special education) FY 2002-03 pupils in membership. In addition, only those public school academies that operated in FY 1994-95 will receive payment, since those not in operation in FY 1994-95 did not have a foundation allowance amount upon which to be paid.

2. Vetoes

Gross	(3,756,957,400)
Federal	90,000,000
Restricted	(3,467,106,700)
GF/GP	(379,850,700)

For FY 2002-03, the Governor vetoed all discretionary items. Only five line items are funded for FY 2002-03, and they are: 1) *Durant* Non-plaintiff Cash Payments; 2) *Durant* Non-plaintiff Debt Service; 3) Proposal A Obligation Payments (i.e., FY 1994-95 foundation allowance payments to districts and public school academies in existence in FY 1994-95); 4) School Lunch Programs; and 5) Special Education. All other line items (e.g., Discretionary Payments, At-Risk, Adult Education, Intermediate School District funding, and School Readiness) were vetoed and thus eliminated.

**DEPARTMENT OF STATE
P.A. 83 of 2001**

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	2,048.0	2,054.0	1,973.3	(74.7)	(3.6)
GROSS	188,977,600	191,680,700	182,326,200	(6,651,400)	(3.5)
Less:					
Interdepartmental Grants Received	54,904,200	55,814,100	55,814,100	909,900	1.7
ADJUSTED GROSS	134,073,400	135,866,600	126,512,100	(7,561,300)	(5.6)
Less:					
Federal Funds	3,122,700	3,158,000	1,303,600	(1,819,100)	(58.3)
Local and Private	501,600	502,500	100	(501,500)	(100.0)
TOTAL STATE SPENDING	130,449,100	132,206,100	125,208,400	(5,240,700)	(4.0)
Less:					
Other State Restricted Funds	63,644,500	64,301,900	64,451,900	807,400	1.3
GENERAL FUND/GENERAL PURPOSE ..	66,804,600	67,904,200	60,756,500	(6,048,100)	(9.1)
PAYMENTS TO LOCALS	69,800	69,800	69,800	0	0.0

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

Public Act 81 of 2001

1. **Budgetary Savings.** The supplemental includes a 0.5% GF/GP departmentwide reduction in order to meet reduced revenue estimates. The Act removed \$325,600 from various line items.
2. **Uniform Commercial Code (UCC).** The enactment of Public Act 348 of 2000, effective July 1, 2001, shifts many UCC filing responsibilities from counties to the Secretary of State. Supplemental funding of \$2,500,000 Gross, \$2,000,000 GF/GP is included to support the implementation of the revised UCC and enable the Department to meet the new requirements.

B. UNDESIGNATED BUDGETARY SAVINGS

Gross	(340,200)
GF/GP	(340,200)

The FY 2001-02 enacted budget includes a recommendation to reduce departmentwide GF/GP appropriations by 0.5%. This negative appropriation will be implemented at a later date by specific reductions in the appropriation line items within the Department.

C. UNIFORM COMMERCIAL CODE FEE COLLECTION

Gross	850,000
Restricted	850,000
GF/GP	0

The budget includes funding to reflect filing fee collections due to recent changes in the Uniform Commercial Code. The revised UCC became effective July 1, 2001, and the State will receive increased filing fees.

D. HISTORICAL PROGRAM TRANSFER

FTE	(74.7)
Gross	(8,024,300)
Federal	(1,454,400)
Private	(502,400)
Restricted	(700,000)
GF/GP	(5,367,900)

Pursuant to Public Act 63 of 2001 and accompanying legislation, the Historical Program is transferred from the Department of State to the newly created Department of History, Arts, and Libraries. All funding, programs, and language sections are transferred.

E. 2% GENERAL FUND REDUCTION

Gross	(1,239,900)
GF/GP	(1,239,900)

In order to meet reduced revenue estimates, a 2% GF/GP reduction is distributed across 10 line items in the Department's budget.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

F. UNCLASSIFIED SALARIES

Gross 9,200
GF/GP 9,200

The budget increases the line item that funds 5.0 FTE unclassified positions by \$9,200, from \$457,800 to \$467,000. Economic increases for this line amount to a 2% increase over the FY 2000-01 appropriation.

G. ECONOMIC ADJUSTMENTS

Gross 4,686,200
IDG 909,900
Federal 52,900
Private 900
Restricted 1,157,400
GF/GP 2,565,100

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Item	Gross	GF/GP
Salaries and Wages	\$1,654,000	\$604,300
Insurance	1,167,000	429,200
Retirement	553,400	202,800
Workers' Compensation	(96,000)	(33,400)
Building Occupancy Charges/Rent	1,407,800	1,362,200
Total	\$4,686,200	\$2,565,100

H. OTHER ISSUES

Gross (2,592,400)
Restricted (500,000)
Federal (418,000)
GF/GP (1,674,400)

The budget makes adjustments for items contained in supplemental appropriations and transfers for FY 2000-01.

DEPARTMENT OF STATE POLICE
P.A. 51 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	3,618.5	3,630.5	3,648.5	30.0	0.8
GROSS	434,557,950	406,166,000	414,833,800	(19,724,150)	(4.5)
Less:					
Interdepartmental Grants Received	23,939,500	18,527,500	19,927,500	(4,012,000)	(16.8)
ADJUSTED GROSS	410,618,450	387,638,500	394,906,300	(15,712,150)	(3.8)
Less:					
Federal Funds	38,303,100	38,251,000	43,211,000	4,907,900	12.8
Local and Private	3,995,300	3,913,700	3,913,700	(81,600)	(2.0)
TOTAL STATE SPENDING	368,320,050	345,473,800	347,781,600	(20,538,450)	(5.6)
Less:					
Other State Restricted Funds	46,964,450	46,571,000	47,611,600	647,150	1.4
GENERAL FUND/GENERAL PURPOSE ..	321,355,600	298,902,800	300,170,000	(21,185,600)	(6.6)
PAYMENTS TO LOCALS	20,120,300	20,081,300	19,905,000	(215,300)	(1.1)

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

Public Act 81 of 2001

The supplemental included a total increase of \$21,932,200 for the Department, including \$21,300,000 GF/GP in matching funds for Disaster Assistance, \$2,000,000 in Federal funds for the Criminal Justice Information Center, \$140,000 in Restricted revenue from Concealed Weapons Enforcement Fees, and GF/GP budgetary reductions of \$1,507,800.

B. TROOPER SCHOOLS - AT POST TROOPERS

The FY 2001-02 enacted budget includes several funding adjustments for At-Post Trooper appropriations, including an increase in the Highway Safety Fund (obtained from \$5 fines on all moving violations) due to carryforward revenue and a reduction in GF/GP funding for a gross appropriation of \$114,219,000 for FY 2001-02.

FTE	7.0
Gross	(2,878,400)
Restricted	1,961,300
GF/GP	(4,839,700)

C. BOMB SQUAD

The budget includes additional funding for the State Police Bomb Squad Operations to allow for the purchase of new bomb squad equipment.

Gross	47,700
GF/GP	47,700

D. REDUCTIONS FOR ONE-TIME EXPENDITURES

The budget includes a reduction to account for the completion of one-time appropriations for a logging truck study (\$50,000), K-12 firearm education (\$350,000), and school violence hotline (\$50,000).

Gross	(450,000)
GF/GP	(450,000)

E. CONCEALED WEAPONS PERMITTING

The budget includes additional funds for the purpose of implementing the amendments to the State's concealed weapons law (Public Act 381 of 2000) to be obtained from application fees.

Gross	1,140,000
Restricted	1,140,000
GF/GP	0

F. SECONDARY ROAD PATROL GRANTS

The budget increases Restricted revenue for the Grant Program to County Sheriffs, from \$6,152,300 to \$6,402,300 and GF/GP funding from \$6,240,900 to \$6,523,200..

Gross	532,300
Restricted	250,000
GF/GP	282,300

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

G. COMMISSION ON LAW ENFORCEMENT STANDARDS

Gross	200,000
GF/GP	200,000

The budget adds funding for the continued expansion of Law Enforcement Officer Certification activities by the Commission. The FY 2001-02 appropriation totals \$2,208,600.

H. GRANT TO THE CITY OF DETROIT

Gross	(200,000)
GF/GP	(200,000)

The budget retains a current \$431,400 grant to the Detroit Crime Lab and reduces from \$489,700 to \$289,700 an existing grant for the Detroit Police Special Events account.

I. LABORATORY OPERATIONS

Gross	445,000
Restricted	445,000
GF/GP	0

The budget includes an increase in the spending authority of the Laboratory Operations Units due to an increase in collections of assessments on convicted persons for laboratory costs.

J. FEDERAL REVENUE INCREASES

Gross	2,100,000
Federal	2,100,000
GF/GP	0

The budget includes additional available Federal funds for hazardous materials training for the Firefighters Training Council (\$100,000), and funds (\$2,000,000) for local first response teams through the Office of Emergency Management.

K. MOTOR CARRIER ENFORCEMENT

Gross	2,910,300
IDG	95,000
Federal	1,015,200
Restricted	1,800,100
GF/GP	0

The budget includes increases in the Motor Carrier Safety Assistance Program (\$1,391,000), funds for eight new motor carrier enforcement vehicles and radios (\$119,300), and funds to hire and equip 13 additional Motor Carrier Officers (\$1,400,000).

L. CASINO GAMING OVERSIGHT

FTEs	(10.0)
Gross	(1,879,100)
IDG	(1,879,100)
GF/GP	0

The budget transfers the Department's role of providing background checks for casino-related employees to the Department of Treasury. The Department of State Police would retain its role of general casino law enforcement, with an FY 2001-02 budget of 32.0 FTEs and \$3,545,900.

M. UNCLASSIFIED SALARIES

The budget includes the conversion of two positions that are presently unclassified (Director, Firefighters Training Council and Director, Behavioral Science Unit) to classified status.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

N. ECONOMIC ADJUSTMENTS

The budget includes economic adjustments for salaries and wages, total retirement, insurance, rent, motor transport, workers' compensation, and building occupancy charges. These adjustments include:

Gross	(29,800)
IDG/IDT	(1,400)
Federal	(2,100)
Local/Private	(100)
Restricted	(1,200)
GF/GP	(25,000)

Item	Gross	GF/GP
Salaries and Wages	\$234,200	\$196,500
Insurance	135,800	114,100
Retirement Defined Contribution	(82,700)	(69,500)
Retirement Defined Benefit	5,200	4,400
Enlisted Pension	654,800	550,000
Workers' Compensation	14,000	11,800
Food	7,600	6,400
Building Occupancy Charges	(1,188,495)	(998,100)
Rent	145,495	122,200
Fuel/Utilities	44,300	37,200
Total	(\$29,800)	(\$25,000)

O. OTHER ISSUES

The budget makes other adjustments including adjustments for the large supplemental appropriation (Item A), for a private lease, helicopter payments, a reduction of unspent interdepartmental grant funds, State Trunkline Fund for Motor Carrier Enforcement enhancements never carried out by the administration, and other technical adjustments to reflect actual funds and FTEs.

FTE	15.0
Gross	(15,064,600)
IDG/IDT	(1,956,500)
Federal	5,768,600
Local/Private	418,500
Restricted	(3,005,200)
GF/GP	(15,940,000)

P. VETOES

The Governor vetoed the appropriation line, Secondary Road Patrol and Traffic Accident Basic Grants, which had a funding level of \$6,523,200. The Governor also vetoed boilerplate Section 1202, which authorized one-third funding of an aeronautics officer within the Michigan Department of Transportation. The veto makes a \$21,000 Restricted revenue reduction from the budget.

Q. SUPPLEMENTAL

Public Act 120 of 2001

Gross	(260,900)
GF/GP	(260,900)

The supplemental provided \$5,980,000 in GF/GP funds for the Secondary Road Patrol and Traffic Accident Basic Grants, an appropriation that had been passed by the Legislature at a level of \$6,523,200, prior to being vetoed by the Governor.

STRATEGIC FUND AGENCY
P.A. 80 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	235.0	235.0	234.0	(1.0)	(0.4)
GROSS	168,754,800	178,943,900	179,046,200	10,291,400	6.1
Less:					
Interdepartmental Grants Received	100,000	100,000	100,000	0	0.0
ADJUSTED GROSS	168,654,800	178,843,900	178,946,200	10,291,400	6.1
Less:					
Federal Funds	52,673,200	62,674,400	62,934,400	10,261,200	19.5
Local and Private	656,700	850,000	850,000	193,300	29.4
TOTAL STATE SPENDING	115,324,900	115,319,500	115,161,800	(163,100)	(0.1)
Less:					
Other State Restricted Funds	50,050,000	50,050,000	50,050,000	0	0.0
GENERAL FUND/GENERAL PURPOSE ..	65,274,900	65,269,500	65,111,800	(163,100)	(0.2)
PAYMENTS TO LOCALS	0	0	21,000,000	21,000,000	100.0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

Public Act 81 of 2001

The supplemental reduced the GF/GP appropriation by \$328,000 from the Administration and the Economic Development Job Training Grants line items.

B. COMMUNITY DEVELOPMENT BLOCK GRANTS

The FY 2001-02 enacted budget includes a 20% increase from \$50,000,000 to \$60,000,000 in Federal and GF/GP funding for this program. Funding is provided to local communities with a population under 50,000 for public infrastructure projects.

Gross	10,400,000
Federal	10,200,000
GF/GP	200,000

C. MICHIGAN CERTIFIED DEVELOPMENT CORPORATION FEES

The budget includes an increase in spending authority to reflect more accurately the amount of fees collected under the Federal Small Business Administration 504 Loan Program. The Michigan Certified Development Corporation has been certified by this Federal agency to review all small business loan applications under this program and to recommend eligible recipients to the Michigan Strategic Fund. These fees are paid by small businesses as part of the loan application.

Gross	193,300
Private	193,300

D. MICHIGAN GROWTH CAPITAL FUND

The budget includes a boilerplate appropriation to reallocate carryforward funds from FY 1996-97, FY 1997-98, and FY 1998-99 from the Economic Development Job Training Grants program. The boilerplate designates up to \$5,000,000 to create this new fund, which will support entrepreneurship through venture capital investments and grants and loans to select businesses.

Gross	0
GF/GP	0

E. BUDGETARY SAVINGS

The budget reduces departmentwide GF/GP appropriations by 2.5%. This negative appropriation was taken from the Administration and the Economic Development Job Training Grant line items.

Gross	(1,363,100)
GF/GP	(1,363,100)

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

F. ECONOMIC ADJUSTMENTS

Standard economic adjustments are applied for salaries and wages, total retirement, insurance, rent, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. These adjustments include:

Gross	61,200
Federal	61,200
GF/GP	0

Item	Gross	GF/GP
Salaries and Wages	\$61,200	\$0
Insurance	0	0
Retirement	0	0
Other	0	0
Total	\$61,200	\$0

G. FY 2001-02 SUPPLEMENTAL APPROPRIATIONS

Gross	1,000,000
GF/GP	1,000,000

Public Act 120 of 2001

The Act includes a GF/GP appropriation for the Capital Access Program. This program provides funding to banks to facilitate the financing of small businesses to promote entrepreneurship in Michigan. The program has previously been funded with Indian casino revenues and was slated for a reduction, as determined by the Michigan Economic Development Corporation Board.

DEPARTMENT OF TRANSPORTATION
P.A. 59 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	3,176.3	3,176.3	3,176.3	0.0	0.0
GROSS	3,036,473,225	3,138,667,700	3,087,872,400	51,399,175	1.7
Less:					
Interdepartmental Grants Received	10,459,500	11,459,500	11,459,500	1,000,000	0.0
ADJUSTED GROSS	3,026,013,725	3,127,208,200	3,076,412,900	50,399,175	1.7
Less:					
Federal Funds	916,249,625	984,483,900	960,483,900	44,234,275	4.8
Local and Private	5,793,000	5,800,000	5,800,000	7,000	0.1
TOTAL STATE SPENDING	2,103,971,100	2,136,924,300	2,110,129,000	6,157,900	0.3
Less:					
Other State Restricted Funds	2,103,971,100	2,136,924,300	2,110,129,000	6,157,900	0.3
GENERAL FUND/GENERAL PURPOSE ..	0	0	0	0	0.0
PAYMENTS TO LOCALS	1,171,873,500	1,186,506,800	1,182,055,400	10,181,900	0.9

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

1. Public Act 506 of 2000

a. Intermodal Studies

A fiscal year (FY) 2000-01 supplemental contained \$2,000,000 in Comprehensive Transportation Fund revenue for two one-time intermodal studies on the I-69/I-94 corridor (\$1,300,000) and the US-131 corridor (\$700,000).

b. Pedestrian Crossings on State Highways

The supplemental also contained boilerplate language (Sec. 751) redirecting \$1,000,000 of State Trunkline Fund revenue contained in the Road and Bridge Program in Public Act 271 of 2000 (FY 2000-01 Michigan Department of Transportation budget) to be used as matching funds to begin to remediate identified unsafe pedestrian crossings on state highways. The Governor vetoed this language.

2. Public Act 81 of 2001

a. Comprehensive Transportation Fund Year-End Balance

An FY 2000-01 supplemental provided authorization to spend \$21,900,000 in estimated unreserved FY 1999-2000 Comprehensive Transportation Fund balance in accordance with boilerplate language contained in the FY 2000-01 budget (Section 729). The supplemental included \$4,700,000 to fund Michigan's portion of the construction of a new 1,000 foot lock at Sault Ste. Marie. The funding will be deposited in a reserve fund and principal and interest earnings from the fund will be used to pay Michigan's portion of the project over the next 50 years. Public Act 131 of 2001 establishes the Soo Locks Fund and provides for the disposition of revenue in the Fund.

The Comprehensive Transportation Fund supplemental also included \$9,400,000 to match available Federal funds for the purchase of local transit buses, \$4,600,000 million for increased operating assistance to local transit agencies pursuant to the provisions of Public Act 51 of 1951, \$1,000,000 for audit settlements, \$30,000 for intercity bus service development, and \$2,100,000 for track improvements near the Battle Creek railroad station.

b. Build Michigan III

Part of the Build Michigan III financing package includes an annual transfer of \$35,000,000 from the Budget Stabilization Fund to the State Trunkline Fund. The supplemental included spending authorization for the FY 2000-01 transfer of funding from the Budget Stabilization Fund to cover debt service and construction costs on Build Michigan III projects.

B. DISTRIBUTION OF STATE REVENUE TO ROAD AGENCIES

Gross	17,485,500
Restricted	17,485,500
GF/GP	0

The FY 2001-02 enacted budget includes the following increases in State funding to road authorities:

State Trunkline	\$919,300
County Road Commissions	\$10,779,200
Cities and Villages	\$5,787,000

The Conference Committee earmarked \$1,000,000 of the State Trunkline allocation for a new University Road Improvement Program. The Governor vetoed this program.

Note: Actual distributions from the Michigan Transportation Fund to road agencies will be based on actual revenues deposited in the Fund.

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

C. FEDERAL AID INCREASES FOR ROAD AUTHORITIES

The budget includes the following increases in Federal funding (and required matching funds) to road authorities:

State Trunkline	\$32,926,200
Local Road Authorities	\$1,308,700
Statewide Planning and Research	\$750,000

The Conference Committee earmarked 20% of all Federal aid bridge funds coming to Michigan (\$24,000,000) to the Critical Bridge program for local bridge projects (Section 405). This earmark removed \$6,000,000 currently dedicated for State bridge projects and shifted it to local projects. Under the State's current allotment schedule, 15% of all Federal aid bridge funds are provided for local bridge projects. The Governor vetoed Section 405, which effectively eliminated from the budget all Federal aid bridge funds designated for local bridge projects.

The Conference Committee also provided \$3,000,000 GF/GP for Macomb County bridges through Section 340. The Governor vetoed this section.

Gross	34,984,900
Federal	34,834,900
Restricted	150,000
GF/GP	0

D. BUILD MICHIGAN II DEBT SERVICE

The budget reflects additional debt service costs associated with short-term borrowing for Build Michigan II. In November 2000, the State Transportation Commission authorized up to \$400,000,000 in short-term borrowing to accelerate the Build Michigan II program. In July 2001, the Department issued \$400 million in short-term Grant Anticipation Notes (GANs), which are backed by future Federal highway funds. The debt service on the GANs will be paid from the State's share of Federal highway funds.

The Commission also has authorized up to \$900,000,000 of long-term State Trunkline Fund bonds for the Build Michigan III Program. To date, only \$308,000,000 has been issued. The debt service costs of Build Michigan III will be satisfied partially by an annual \$35,000,000 transfer from the Budget Stabilization Fund to the State Trunkline Fund (STF) and from a portion of the Transportation Economic Development Fund. This funding is included in the FY 2000-01 supplemental (described above), as well as the FY 2001-02 budget.

Gross	10,000,000
Federal	10,000,000
GF/GP	0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

E. BLUE WATER BRIDGE CAPITAL IMPROVEMENTS

The budget reflects an increase for capital maintenance and approach work to the Blue Water Bridge in Port Huron. The funding will be supported by toll revenue generated at the Bridge.

Gross	5,000,000
Restricted	5,000,000
GF/GP	0

F. LOCAL BUS OPERATING GRANTS

The budget provides an increase of \$3,200,000 in Comprehensive Transportation Fund (CTF) revenue for grants to the 72 public transit systems in the state, pursuant to Public Act 51 of 1951. An FY 2000-01 supplemental provides \$4,600,000 for these grants (as described above), thereby reducing the FY 2001-02 change from year-to-date appropriation level.

Gross	3,247,300
Restricted	3,247,300
GF/GP	0

G. BUILD MICHIGAN III: TRANSPORTATION ECONOMIC DEVELOPMENT FUND

The enacted budget contains line item appropriations consistent with the Senate and House versions of the budget that provided \$7,000,000 from the Transportation Economic Development Fund (TEDF) for debt service on Build Michigan III bonds. The line items designate that this funding comes entirely from the category "A" allocation of the TEDF, rather than "off the top" of the TEDF program. The budget also contains legislative intent language (Section 329) suggesting that the debt service on TEDF bonds issued after January 1, 2001, be paid entirely from category "A". Current statutory provisions suggest that debt service on TEDF bonds comes "off the top" of the TEDF, and that these costs be paid proportionally from category "A" (50%), category "C" (25%), and category "D" (25%), rather than entirely by category "A".

Gross	NA
GF/GP	NA

H. UNCLASSIFIED SALARIES

The budget includes funding to provide a 2% increase to the appropriation that funds the Department's six unclassified positions.

Gross	10,200
Restricted	10,200
GF/GP	0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

I. ECONOMIC ADJUSTMENTS

Standard economic adjustments were included in the Governor's original recommendation and both the Senate- and House-passed versions of the budget. The Governor's revised recommendation included a 50% reduction of STF-supported economic adjustments and a 100% reduction of State Aeronautics Fund-supported economic adjustments to reflect current revenue estimates. The budget includes these reductions, which are reflected in the "other" category in the table below. Actual economic adjustments will be determined on a division-by-division basis within the Department. These adjustments include:

Item	Gross	GF/GP
Salaries	\$3,275,000	\$0
Insurance	1,852,200	0
Retirement	2,230,600	0
Building Occupancy	194,900	0
Workers' Compensation	(257,900)	0
Other	(3,574,200)	0
Total	\$3,720,600	\$0

Gross	3,720,600
Restricted	3,720,600
GF/GP	0

J. OTHER ISSUES

Other adjustments to the budget include \$102,500 for scheduled debt service costs; a net reduction of \$373,900 for grants from transportation funds to other State departments and agencies (including a reduction of \$1,725,000 in the State Trunkline Fund grant to the Michigan State Police, Motor Carrier Division); restoration of funding vetoed by the Governor for removal of dead deer carcasses from State trunkline highways, \$500,000; \$1,000,000 for highway maintenance; \$628,300 for intercity passenger and freight programs; removal of \$2,000,000 associated with one-time intermodal studies; \$842,900 for public transportation development programs; additional funding for State Transportation Commission per diem payments, \$2,800; a statutory reduction of \$12,300 to the Economic Development Fund administration; and a reduction of \$800,000 to the Aeronautics program to align the budget with current revenues.

Gross	(18,278,325)
IDT	1,000,000
Federal	(600,625)
Local	7,000
Restricted	(18,684,700)
GF/GP	0

The budget also makes adjustments for one-time CTF funding included in the FY 2000-01 supplemental totaling \$17,275,000 and one-time funding for two intermodal studies totaling \$2,000,000. (See FY 2000-01 Supplemental Appropriations above.)

The budget does not reflect one-time funding contained in a mid-year FY 2000-01 contingency transfer of \$893,625 for the Work First Initiative.

K. VETOES

1. Local Bridge Funding Increase

The Governor vetoed \$24,000,000 in Federal funding provided to the Critical Bridge program for local bridge projects (Section 405). Pursuant to current Federal Highway Administration guidelines, 15% of all Federal aid bridge funds coming to Michigan are earmarked for local projects. The Conference Committee provided a 20% earmark of Federal bridge funds for locals, thereby increasing the local allotment by \$6,000,000 and reducing the State's share by an equal amount. The Governor's veto of Section 405 effectively eliminates all Federal aid for local bridge projects. Citing his continued opposition to this earmarking of Federal funds, the Governor indicated that Federal bridge funds should be spent on the high-level State trunkline system, where they will have the greatest impact for Michigan motorists.

The Governor also vetoed a proposed earmark of \$3,000,000 GF/GP to match local funds for Macomb County bridge projects (Section 340). The Governor indicated in his veto message that inclusion of the GF/GP funding violated the terms of the leadership target agreement.

2. University Road Improvement Program

The Governor vetoed Section 605, language earmarking \$1,000,000 in State Trunkline Fund revenue for a new University Road Improvement Program. The proposed program would have provided dollar-for-dollar grants to four-year universities for road improvements. The Governor indicated, in his veto message, that the proposal was inconsistent with the statutory use of State road funds, pursuant to Public Act 51. Furthermore, he noted that State appropriations for university operations already support university roads and that schools may apply for funds through the Institutional and Agency Road Program within the annual Capital Outlay budget.

3. Specific Transportation Projects

The Governor vetoed specific legislatively identified transportation projects estimated at \$4,750,000. These included \$500,000 STF for the construction of an interchange on I-675 in the City of Saginaw (Section 606), \$2,000,000 STF for a pedestrian overpass matching grant program (Section 607), \$100,000 STF for planning and evaluation of an interchange on I-96 in Fruitport Township (Section 609), \$150,000 STF for a grant to Michigan Technological University for a study of log truck accidents (Section 613), and \$2,000,000 CTF to rehabilitate a railroad bridge over the Thunder Bay River in Alpena (Section 712).

Gross	(4,750,000)
Restricted	(4,750,000)
GF/GP	0

4. Aeronautics Safety Officer Position

The Governor vetoed language that would have created a safety officer position in the Bureau of Aeronautics to coordinate safety functions between the Departments of Transportation, Natural Resources, and State Police. The position would have been funded in equal shares by each Department, so the veto represents one-third of the funding for this position.

Gross	(21,000)
Restricted	(21,000)
GF/GP	0

DEPARTMENT OF TREASURY - DEBT SERVICE
P.A. 83 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	91,570,500	111,995,000	105,995,000	14,424,500	15.8
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	91,570,500	111,995,000	105,995,000	14,424,500	15.8
Less:					
Federal Funds	0	0	0	0	0.0
Local and Private	700,000	700,000	700,000	0	0.0
TOTAL STATE SPENDING	90,870,500	111,295,000	105,295,000	14,424,500	15.9
Less:					
Other State Restricted Funds	0	0	0	0	0.0
GENERAL FUND/GENERAL PURPOSE ..	90,870,500	111,295,000	105,295,000	14,424,500	15.9
PAYMENTS TO LOCALS	0	0	0	0	0.0

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A. DEBT SERVICE

Gross	14,424,500
GF/GP	14,424,500

The budget increases this item to reflect anticipated debt service requirements for FY 2001-02. The total appropriation for debt service obligations is increased from \$91,570,500 to \$105,995,000. The largest increase is \$8,000,000 for new School Bond loan obligations. The Clean Michigan Initiative received an increase of \$1,000,000 for new obligations. All programs received adjustments for current obligations.

DEPARTMENT OF TREASURY - OPERATIONS
P.A. 83 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	1,986.5	1,995.5	1,995.5	9.0	0.5
GROSS	360,004,200	353,454,300	354,987,000	(5,017,200)	(1.4)
Less:					
Interdepartmental Grants Received	9,178,400	9,237,000	9,237,000	58,600	0.6
ADJUSTED GROSS	350,825,800	344,217,300	345,750,000	(5,075,800)	(1.4)
Less:					
Federal Funds	34,600,000	33,490,000	33,490,000	(1,110,000)	(3.2)
Local and Private	1,145,900	950,100	950,100	(195,800)	(17.1)
TOTAL STATE SPENDING	315,079,900	309,777,200	311,309,900	(3,770,000)	(1.2)
Less:					
Other State Restricted Funds	245,976,900	245,674,100	249,214,100	3,237,200	1.3
GENERAL FUND/GENERAL PURPOSE ..	69,103,000	64,103,100	62,095,800	(7,007,200)	(10.1)
PAYMENTS TO LOCALS	92,271,300	92,388,600	95,222,600	2,951,300	3.2

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A. FY 2000-01 SUPPLEMENTAL APPROPRIATIONS

Public Act 81 of 2001

The supplemental includes a 0.5% GF/GP departmentwide reduction in order to meet reduced revenue estimates. The Act removed \$347,200 from various line items.

B. TAX TECHNOLOGY INVESTMENT PLAN

The enacted FY 2001-02 budget includes the final appropriation for a multiyear project to upgrade the customer service and Internet access for taxpayers, and document management capabilities of the Department. The FY 2001-02 appropriation of \$6,500,000 will bring the total appropriation for this plan to \$21,500,000. It is expected to be fully operational by the end of 2002. Prior appropriations for this project have been from the General Fund. For FY 2001-02, Delinquent Tax Collection Revenue funds \$5,500,000 of the appropriation.

Gross	1,500,000
Restricted	5,500,000
GF/GP	(4,000,000)

C. CONVENTION FACILITY GRANTS

The budget includes an increase for this line. The grants are distributed to local units of government for acquiring, constructing, improving, or leasing convention facilities. Fees collected from the accommodations tax and the 4% liquor excise tax are deposited into the Convention Facility Development Fund.

Gross	4,000,000
Restricted	4,000,000
GF/GP	0

D. LIEN FILINGS

The budget increases funding for lien filing. The Department of Treasury files liens against people who owe the State money. With additional funds for staff, court filing fees, and contractual assistance, the Department expects to collect \$10,000,000 in additional revenue.

Gross	1,000,000
Restricted	1,000,000
GF/GP	0

E. TAX REVERTED PROPERTY

The budget includes an appropriation to pay for the implementation of a new system for processing tax reverted property. Public Act 123 of 1999 shortened the processing time from six to three years. The new system will replace the current Delinquent Tax collection. The funding shift reflects the loss of delinquent tax revenue as the old system is phased out.

Gross	659,300
Restricted	(928,700)
GF/GP	1,588,000

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

F. TAX INCREMENT FINANCE AUTHORITY (TIFA) PAYMENTS

Gross	(3,500,000)
GF/GP	(3,500,000)

The budget includes a decrease in this line item from FY 2000-01 and past years. Historically, local units of government have not been filing claims for reimbursement at the anticipated levels. The budget retains \$500,100 GF/GP in the line.

G. CASINO GAMING BACKGROUND CHECKS

FTE	11.0
Gross	0
GF/GP	0

The Michigan Gaming Control Board (MGCB) is required by the Michigan Gaming Control and Revenue Act to perform background checks on casino-related employees. The Department of State Police is currently performing this function on behalf of the MGCB. For FY 2001-02, the MGCB will perform the background checks. The budget includes 11.0 additional FTEs to reflect this transfer of functions.

H. GRANT TO DEPARTMENT OF AGRICULTURE

Gross	1,300,000
Restricted	1,300,000
GF/GP	0

Through the Michigan Gaming Control Board, a grant is made from the State Services Fee Fund to the Department of Agriculture. This grant will be used to support activities in the Office of the Racing Commissioner.

I. UNDESIGNATED BUDGETARY SAVINGS

Gross	(408,700)
GF/GP	(408,700)

The budget reduces departmentwide GF/GP appropriations by 0.5%. This negative appropriation will be implemented at a later date by specific reductions in the appropriation line items within the Department.

J. ECONOMIC ADJUSTMENTS

Gross	2,981,300
IDG	58,600
Local	4,200
Restricted	2,540,700
GF/GP	377,800

Standard economic adjustments are applied for salaries and wages, retirement, insurance, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. In order to meet reduced revenue estimates, salary-related GF economic adjustments originally recommended by the Governor are not included in the budget. Economic adjustments include:

FY 2001-02
Change from
FY 2000-01
Year-to-Date

Item	Gross	GF/GP
Salaries and Wages	\$1,125,500	\$0
Insurance	495,600	0
Retirement	77,700	(103,200)
Defined Contribution	205,900	111,000
Building Occupancy Charges/Rent	1,067,200	370,000
Workers' Compensation	9,400	0
Total	\$2,981,300	\$377,800

K. TOBACCO SETTLEMENT

1. Michigan Merit Award Test and Database Development

The budget included an additional \$1,500,000 for MEAP test development and \$1,000,000 for development of a Merit Award database, all funded from the Michigan Merit Award Trust Fund.

Gross 2,500,000
 Restricted 2,500,000
 GF/GP 0

2. Michigan Education Savings Plan

The budget decreases the funding available for matching grants to beneficiaries by \$8,000,000, down to \$2,000,000 from \$10,000,000. The reduction is based on estimates from the service provider, TIAA-CREF. The match is available to the account of children who are six years old or younger, who are Michigan residents, and whose families' income is less than \$80,000 annually. The funding source also shifts from the Tobacco Settlement Trust Fund to the Michigan Merit Award Trust Fund because the latter Fund will be receiving a greater percentage of the tobacco settlement money in FY 2001-02.

Gross (8,000,000)
 Restricted (8,000,000)
 GF/GP 0

L. OTHER ISSUES

Other budget issues include eliminating one-time construction costs for Casino Gaming, adjusting the Health and Safety grants and Federal funds to reflect actual revenue, and reducing the Tax Programs Revenue line item to meet reduced revenue estimates. The budget makes adjustments for items included in supplemental appropriations and transfers for FY 2000-01.

FTE (2.0)
 Gross (4,549,100)
 Federal (1,110,000)
 Local (200,000)
 Restricted (2,414,800)
 GF/GP (824,300)

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

M. FY 2001-02 SUPPLEMENTAL APPROPRIATIONS

Public Act 120 of 2001

1. Pari-Mutuel Audits. In order to meet reduced GF/GP revenue estimates, \$240,000 for pari-mutuel audits is shifted from GF/GP to the State Services Fee Fund.	Gross	0
	Restricted	240,000
	GF/GP	(240,000)
2. Michigan Merit Award Test and Database Development. This budget removes the increase for test and database development included in General Government Appropriations, Public Act 83 of 2001. The budget also eliminates \$2,500,000 in additional funding from the Merit Award Trust Fund.	Gross	(2,500,000)
	Restricted	(2,500,000)
	GF/GP	0

DEPARTMENT OF TREASURY - REVENUE SHARING
P.A. 83 of 2001

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2000-01 YEAR-TO-DATE	FY 2001-02 GOV'S REC.	FY 2001-02 YEAR-TO-DATE	CHANGES FROM FY 2000-01 YEAR-TO-DATE	
				DOLLAR	PERCENT
FTE Positions	N/A	N/A	N/A	N/A	N/A
GROSS	1,555,500,000	1,655,000,000	1,577,800,000	22,300,000	1.4
Less:					
Interdepartmental Grants Received	0	0	0	0	0.0
ADJUSTED GROSS	1,555,500,000	1,655,000,000	1,577,800,000	22,300,000	1.4
Less:					
Federal Funds	0	0	0	0	0.0
Local and Private	0	0	0	0	0.0
TOTAL STATE SPENDING	1,555,500,000	1,655,000,000	1,577,800,000	22,300,000	1.4
Less:					
Other State Restricted Funds	1,555,500,000	1,655,000,000	1,577,800,000	22,300,000	1.4
GENERAL FUND/GENERAL PURPOSE ..	0	0	0	0	0.0
PAYMENTS TO LOCALS	1,555,500,000	1,655,000,000	1,577,800,000	22,300,000	1.4

**FY 2001-02
Change from
FY 2000-01
Year-to-Date**

A. REVENUE SHARING PAYMENTS

Gross	22,400,000
Restricted	22,400,000
GF/GP	0

Public Act 234 of 2001 appropriates revenue sharing payments. The restricted revenue sharing payments are estimated and appropriated at \$1,577,800,000 in FY 2001-02, which is an increase of \$22,300,000 or 1.4% over FY 2000-01 actual payments.

The appropriated amount is approximately \$50,000,000 less than the revenue sharing amount suggested by the statutory formula to “fully fund” revenue sharing payments. The Governor’s Recommendation in February was to “fully fund” revenue sharing payments. After the May 2001 Consensus Revenue Estimating Conference lowered estimated sales tax revenues, the appropriation set revenue sharing payments at a level \$50,000,000 less than what the revised sales tax estimate would have suggested to “fully fund” revenue sharing payments. Since the total restricted appropriated amount will be a limit on total revenue sharing distributions, if actual sales tax revenue is greater than the estimate adopted by the Consensus Revenue Estimating Conference or produces a higher constitutional revenue sharing total than the appropriated amount, the amount above the constitutional portion that is distributed will be subtracted from the statutory payments. If actual sales tax revenues are less than the adopted estimate, then constitutional revenue sharing payments will be lower. However, because the FY 2001-02 appropriation did not “fully fund” revenue sharing payments, sales tax revenues may be approximately \$206,600,000 lower than estimated and total statutory payments will not be reduced, although the distribution of statutory payments will be affected.

Public Act 234 of 2001 also includes the requirement that if a county treasurer does not comply with Section 151 of the State School Aid Act of 1979 (MCL 388.1751), then the statutory portion of the respective county’s revenue sharing payments will not be made until the reporting requirements have been fulfilled. County treasurers are required to submit a statement of the taxable value data for each district and fraction of each district within the county, as well as revisions for prior years.

The estimated revenue sharing payments by distribution type are summarized in Table 1. The figures in Table 1 are based on the May 2001 consensus estimates of State revenues and appropriations for special census payments and reflect the appropriations made in Public Act 234 of 2001.

Table 1

ENACTED REVENUE SHARING PAYMENTS FOR FY 2000-01 AND FY 2001-02 (dollars in millions)				
	FY 2000-01 Actual	FY 2001-02 Estimate ¹⁾	Change from FY 2000-01	
			Dollar	Percent
Sales Tax Constitutional:				
Counties	\$ 0.0	\$ 0.0	\$ 0.0	—
Cities, Villages, & Townships	642.8	672.6	29.9	4.7%
Subtotal Constitutional	642.8	672.6	29.9	4.7
Sales Tax Statutory:				
Counties	228.7	226.8	(1.9)	(0.8)
Cities, Villages, & Townships	684.0	678.3	(5.6)	(0.8)
Subtotal Statutory	912.7	905.2	(7.5)	(0.8)
Total Restricted Revenue Sharing ¹⁾	1,555.5	1,577.8	22.4	1.4
General Fund/General Purpose ²⁾	0.0	0.0	0.0	0.0
TOTAL REVENUE SHARING	\$1,555.5	\$1,577.8	\$22.4	1.4%
<p>1) The revenue sharing appropriations are based on consensus sales tax estimates adopted at the May 2001 Consensus Revenue Estimating Conference. These appropriated levels represent the maximum amount that will be distributed for restricted revenue sharing. If actual sales tax collections are lower, then the revenue sharing distributions will be reduced. If actual sales tax collections are higher than estimated, then constitutional payments will be increased and statutory payments will be reduced by an equal amount.</p> <p>2) General Fund/General Purpose amounts are for special census payments.</p>				

APPENDICES

**FY 2001-02
APPROPRIATION BILL INDEX**

<u>BUDGET AREA</u>	<u>BILL NUMBER</u>	<u>PUBLIC ACT NUMBER</u>	<u>LINE-ITEM VETOES</u>
Agriculture	S.B. 230	P.A. 53 of 2001	YES
Attorney General	S.B. 234	P.A. 83 of 2001	NO
Capital Outlay	S.B. 231	P.A. 45 of 2001	YES
Career Development	S.B. 232	P.A. 80 of 2001	NO
Civil Rights	S.B. 234	P.A. 83 of 2001	NO
Civil Service	S.B. 234	P.A. 83 of 2001	NO
Community Colleges	H.B. 4253	P.A. 52 of 2001	NO
Community Health	H.B. 4254	P.A. 60 of 2001	YES
Consumer and Industry Services	S.B. 233	P.A. 119 of 2001	YES
Corrections	H.B. 4255	P.A. 41 of 2001	NO
Education	H.B. 4256	P.A. 42 of 2001	NO
Environmental Quality	H.B. 4257	P.A. 43 of 2001	NO
Executive	S.B. 234	P.A. 83 of 2001	NO
Family Independence Agency	S.B. 235	P.A. 82 of 2001	YES
Higher Education	H.B. 4258	P.A. 118 of 2001	NO
History, Arts, and Libraries	S.B. 291	P.A. 120 of 2001	YES
Judiciary	S.B. 236	P.A. 55 of 2001	NO
Legislature	S.B. 234	P.A. 83 of 2001	NO
Library of Michigan	S.B. 234	P.A. 83 of 2001	NO
Management and Budget	S.B. 234	P.A. 83 of 2001	NO
Military and Veterans Affairs	S.B. 237	P.A. 54 of 2001	NO
Natural Resources	H.B. 4259	P.A. 44 of 2001	NO
School Aid	S.B. 1044	P.A. 297 of 2000	YES
State	S.B. 234	P.A. 83 of 2001	NO
State Police	S.B. 238	P.A. 51 of 2001	YES
Strategic Fund Agency	S.B. 232	P.A. 80 of 2001	NO
Transportation	S.B. 239	P.A. 59 of 2001	YES
Treasury	S.B. 234	P.A. 83 of 2001	NO

ECONOMIC FORECAST AND REVENUE ESTIMATES

A. ECONOMIC FORECAST

In 2001 and 2002, the U.S. and Michigan economies are expected to experience their slowest rates of growth since the 1990-91 recession. Real Gross Domestic Product (GDP), which measures the inflation-adjusted value of all final goods and services produced by the U.S. economy, will increase at an estimated modest rate of 1.3% in 2001, which is down considerably from the 5.0% rate of growth experienced in 2000. In 2002, the pace of growth in real GDP will improve to 2.5%, but this would still mark slower growth than experienced in any year from 1992 to 2000. The abrupt slowdown in the rate of growth from 2000 to the first half of 2001 is due to slower activity in the manufacturing and technology sectors, which is reducing business investment, employment, and average hours worked. These changes had negative repercussions on consumer confidence, and as a result the pace of consumer spending also has slowed somewhat, but not significantly. These negative influences are expected to start to improve in the last half of 2001 and continue to improve through the end of 2002. Much of this improvement will be due to the aggressive reduction in interest rates that has been orchestrated by the Federal Reserve. As a result, light vehicle sales are expected to total 16.2 million units in 2001, which will be down from the record 17.2 million units sold in 2000, and then increase to 16.4 million units in 2002. The U.S. unemployment rate will rise from 4.0% in 2000 to 4.8% in 2001 and then edge up to 5.2% in 2002. Inflation is expected to remain under control in the 3% range in both 2001 and 2002.

Michigan's economy also will experience much slower growth in 2001 before improving modestly in 2002. Real personal income, which is the broadest readily available measure of economic activity in Michigan, will decline by an estimated 0.9% in 2001 and then increase 0.8% in 2002. The number of workers receiving wages and salaries will decline 0.3% in 2001 and as a result, the unemployment rate is expected to jump to 5.3% from 3.6% in 2000. In 2002, wage and salary employment will increase an estimated 0.5%, which will be strong enough to keep the jobless rate from going even higher.

These economic forecasts are the consensus forecasts adopted at the May 2001 Consensus Revenue Estimating Conference.

B. GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES

General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) available revenues are expected to total \$20.84 billion in FY 2001-02. This estimate includes baseline revenue, the impact of enacted tax changes, Federal aid, transfers from other funds, one-time revenue adjustments, and carry-over balances from the previous year. The estimates of baseline revenue and the impact of enacted tax changes, were unanimously agreed to by the Senate Fiscal Agency, House Fiscal Agency, and the Engler Administration at the May 2001 Consensus Revenue Estimating Conference.

Baseline GF/GP and SAF revenue will increase an estimated 4.5% in FY 2001-02 to \$20.53 billion. Baseline revenue is a measure of what revenue would be based on the economic forecast and without any new tax changes or one-time revenue adjustments. This rate of growth is an improvement from the 0.4% decline in baseline revenue estimated for FY 2000-01.

Enacted tax reductions will reduce baseline revenue an estimated \$810 million. Most of this reduction in revenue will be due to the ongoing enacted phased reductions in the income and single business tax rates. The income tax rate was cut from 4.4% to 4.2% in 2000 and is scheduled

to be reduced another 0.1 percentage point to 4.1% on January 1, 2002. The State is phasing out the single business tax by decreasing the tax rate 0.1 percentage point each year until the tax is completely eliminated. This phase-out began in 1999, when the tax rate was reduced from 2.3% to 2.2%, and fell to 2.1% in 2000 and 2.0% in 2001, and will decline to 1.9% in 2002.

Table 1 presents the estimates of total GF/GP and SAF revenues for both FY 2000-01 and FY 2001-02. Presented are the estimates for baseline revenue, the impact of enacted tax changes, other revenue and other revenue adjustments, and beginning balances for each of these funds.

1. General Fund/General Purpose Revenue

Total GF/GP revenue available to spend in FY 2001-02 will total an estimated \$9.57 billion. Baseline revenue is expected to increase 4.5% to \$10.04 billion, but the reductions in the income and single business tax rates, which affect only GF/GP revenue, along with the other enacted tax reductions will reduce baseline revenue an estimated \$773 million. As a result, the revenue derived from the ongoing revenue stream, less the impact of the enacted tax cuts, will produce only a 0.9%, or \$81 million increase in GF/GP revenue in FY 2001-02. Newly enacted one-time revenue adjustments will generate additional revenue of \$299 million, which is down from the estimated \$344 million that will be generated in one-time revenue adjustments in FY 2000-01. These one-time revenue adjustments in FY 2001-02 include a \$155 million transfer from the Budget Stabilization Fund, a \$73 million transfer from the Merit Award Trust Fund, a \$3 million transfer from the Tobacco Settlement Trust Fund, \$50 million from a reduction in revenue sharing payments, and an estimated \$16 million from a tax amnesty program. Total GF/GP revenue available to spend in FY 2001-02 will be down an estimated 1.8% from FY 2000-01, but this will be due to the fact that FY 2000-01 has a carry-over beginning balance of \$212 million and there is not expected to be any ending balance in FY 2000-01 to be carried forward to FY 2001-02. Excluding the beginning balance, FY 2001-02 GF/GP available revenue will be up 0.4%, or \$36 million.

2. School Aid Fund Revenue

Total SAF revenue available to spend will amount to an estimated \$11.47 billion in FY 2001-02. This represents an increase of only 0.1%, or \$15 million, from the FY 2000-01 estimate. Baseline revenue from the ongoing earmarked taxes and lottery earnings is expected to total \$10.49 billion, which is up 4.5% from FY 2000-01. Tax changes already enacted into law will reduce baseline revenue an estimated \$37 million. As a result, earmarked revenue, after the impact of the enacted tax changes, will be up 4.3% or \$429 million. This increase will be offset basically by a decrease in the carry-over beginning balance and a decline in the grant from the GF/GP budget. The beginning balance in FY 2001-02 is expected to be \$277 million lower than the FY 2000-01 beginning balance and the grant from the General Fund will be down \$180 million from the FY 2000-01 level.

Table 1

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2000-01 AND FY 2001-02 (dollars in millions)			
	FY 2000-01	FY 2001-02	Percent Change
GENERAL FUND/GENERAL PURPOSE			
Beginning Balance	\$211.8	\$0.0	---
Baseline Consensus Revenue	9,608.0	10,043.7	4.5%
Tax Changes Not In Baseline	(418.9)	(773.4)	84.6
<u>Revenue by Source After Tax Changes</u>			
Net Income	4,856.5	4,933.3	1.6
Single Business	2,112.5	2,082.0	(1.4)
Sales	99.7	112.6	12.9
Use	885.9	936.2	5.7
Cigarette	145.8	142.7	(2.1)
Insurance Company Premiums	188.0	199.0	5.9
Telephone & Telegraph	147.4	150.4	2.0
Estate/Inheritance	185.0	193.0	4.3
All Other Taxes	202.0	199.8	(1.1)
Subtotal Taxes	8,822.8	8,949.0	1.4
Nontax Revenue	366.3	321.3	(12.3)
Subtotal Consensus Estimates After Tax Changes	\$9,189.1	\$9,270.3	0.9%
<u>Other Revenue Adjustments</u>			
Budget Stabilization Fund Withdrawal	77.0	155.0	101.3
Delinquent Tax Revenue Collections	0.0	2.5	----
Merit Award Trust Fund Transfer	0.0	72.5	----
Revenue Sharing Increase Cap	0.0	50.0	----
State Building Authority Funding Shift	211.2	0.0	(100.0)
Tax Amnesty Program	0.0	15.5	----
Tobacco Settlement Trust Fund Transfer	0.0	3.0	----
Work Project Lapses	56.0	0.0	(100.0)
TOTAL GF/GP REVENUE	\$9,745.1	\$9,568.8	(1.8)%

Table 1 (continued)

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND REVENUE ESTIMATES FOR FY 2000-01 AND FY 2001-02 (dollars in millions)			
	FY 2000-01	FY 2001-02	Percent Change
SCHOOL AID FUND			
Beginning Balance	853.4	576.5	(32.4)
Baseline Consensus Revenue	10,040.0	10,491.3	4.5
Tax Changes Not In Baseline	(14.3)	(36.6)	155.9
<u>Revenue by Source After Tax Changes</u>			
Sales & Use Taxes	5,118.6	5,374.9	5.0
Income Tax	1,964.8	2,058.0	4.7
State Education Property Tax	1,463.4	1,534.2	4.8
Real Estate Transfer Tax	252.0	265.0	5.2
Tobacco Tax	380.0	372.5	(2.0)
Casino Wagering Tax	75.0	81.0	8.0
Other Tax Revenue	171.9	175.1	1.9
Subtotal Taxes	9,425.7	9,860.7	4.6
Lottery	600.0	594.0	(1.0)
Subtotal Consensus Estimates After Tax Changes	\$10,025.7	\$10,454.7	4.3%
<u>Other Revenue:</u>			
General Fund Grant	385.6	205.6	(46.7)
Transfer from the Budget Stabilization Fund (BSF)	32.0	32.0	0.0
Federal Aid	160.0	203.0	26.9
TOTAL SAF REVENUE	\$11,456.7	\$11,471.8	0.1%
TOTAL GF/GP AND SAF:			
Consensus Baseline Revenue	19,648.0	20,535.0	4.5
Consensus Tax Changes Not In Baseline	(433.2)	(810.0)	87.0
Consensus Revenue After Tax Changes	19,214.8	19,725.0	2.7
TOTAL REVENUE¹⁾	\$20,816.2	\$20,835.0	0.1%
1) Total revenue includes consensus revenue estimates, beginning balances, and other revenue, but excludes the GF/GP transfer to the SAF.			

Source: Senate Fiscal Agency.

C. ECONOMIC AND BUDGET STABILIZATION FUND (BSF)

Michigan's cyclical economy can produce significant swings in the rate of growth, or decline, in tax revenues from one year to the next. To help smooth the flow of revenues over the economic cyclical swings, Michigan created the Counter-Cyclical Budget and Economic Stabilization Fund in 1977. This fund, more commonly referred to as the Budget Stabilization Fund (BSF), is designed to be a cash reserve to which the State adds money during good economic times and from which it withdraws money during poor economic years. Having the money available during poor economic years helps the State avoid having to cut spending and/or increase taxes, and therefore helps stabilize the State budget and the tax structure.

All transfers into and out of the BSF must be appropriated by the Legislature. There are statutory formulas that indicate when it is appropriate to put money into and take money from the BSF; historically, however, most of the BSF transactions have not been directly tied to the formulas, but have reflected decisions of the Legislature and the Governor.

The annual BSF transactions since it was created in 1977 are presented in [Table 2](#). The success of the BSF can be seen by examining the BSF transactions that have occurred since 1990. During the 1990-91 recession, \$400 million was pulled out of the BSF, which helped State government weather the economic storm. These withdrawals left only \$20 million in the BSF at the end of FY 1991-92. Then as the economy began to expand, the State deposited money into the BSF in six of the eight fiscal years from FY 1992-93 to FY 1999-2000. These deposits totaled \$1.44 billion. In addition, interest on the funds earned the BSF an additional \$383 million during these eight years. Even though this eight-year period represented very good economic times, withdrawals from the BSF totaling \$577 million were made in five of these years. These withdrawals were to pay two court case settlements and to provide some additional transportation funding. As a result of these various BSF transactions, at the end of FY 1999-2000, the BSF had a very healthy balance of \$1.26 billion.

1. FISCAL YEAR 2000-01

As the pace of economic growth slowed at the end of 2000 and has remained weak thus far in 2001, no money was appropriated into the BSF in FY 2000-01, but the following three withdrawals totaling \$144 million were enacted as part of the budget: \$32 million to the School Aid Fund to finance *Durant* payments to school districts, \$35 million to the State Trunkline Fund to help finance transportation needs, and \$77 million to help balance the General Fund/General Purpose budget. Taking into account these withdrawals, along with an estimated \$78 million in interest earnings, the BSF will have an estimated balance of \$1.2 billion at the end of FY 2000-01.

2. FISCAL YEAR 2001-02

Due to the slowdown in economic activity and the projected tight fiscal conditions, no payment into the BSF was appropriated in the FY 2001-02 budget; however, as in FY 2000-01, three withdrawals totaling \$222 million were appropriated: \$32 million to the School Aid Fund to finance *Durant* payments to school districts, \$35 million to the State Trunkline Fund to help finance transportation needs, and \$155 million to help balance the General Fund/General Purpose budget. The balance in the BSF at the end of FY 2001-02 is estimated to total \$1.05 billion.

Table 2 ECONOMIC AND BUDGET STABILIZATION FUND TRANSFERS, EARNINGS AND FUND BALANCE FY 1977-78 TO FY 2001-02 (millions of dollars)				
Fiscal Year	Pay-In	Interest Earned	Pay-Out	Fund Balance
1977-78	\$108.7	\$ 6.2	\$ 0.0	\$114.9
1978-79	104.1	22.1	0.0	241.1
1979-80	0.0	32.1	263.7	9.5
1980-81	0.0	9.2	16.3	2.4
1981-82	0.0	0.6	0.0	3.0
1982-83	0.0	0.2	0.0	3.2
1983-84	0.0	0.2	0.0	3.4
1984-85	340.9	30.8	34.2	340.9
1985-86	30.6	28.2	14.7	385.1
1986-87	0.0	24.1	24.8	384.4
1987-88	0.0	29.2	20.4	393.1
1988-89	0.0	38.0	11.9	419.2
1989-90	0.0	35.8	69.9	385.1
1990-91	0.0	27.1	230.0	182.2
1991-92	0.0	8.1	170.1	20.1
1992-93	282.6	0.7	0.0	303.4
1993-94	460.2	11.9	0.0	775.5
1994-95	260.1	57.7	90.4	1,003.0
1995-96	91.3	59.2	0.0	1,153.6
1996-97	0.0	67.8	69.0	1,152.4
1997-98	0.0	60.1	212.0	1,000.5
1998-99	244.4	51.2	73.7	1,222.5
1999-00	100.0	73.9	132.0	1,264.4
2000-01 a)	0.0	78.2	144.0	1,198.7
2001-02 a)	0.0	71.6	222.0	1,048.3
a) Senate Fiscal Agency estimates.				

D. CONSTITUTIONAL REVENUE LIMIT

The Michigan Constitution places a limit on the amount of revenue State government can collect in any fiscal year. The limit essentially requires that total revenues, excluding Federal aid, not exceed 9.49% of personal income. In order to establish a firm revenue limit before the fiscal year begins, the revenue limit for any particular fiscal year is based on personal income for the calendar year that ended prior to the start of the fiscal year. For example, in FY 1998-99, State government revenue could not exceed 9.49% of personal income in calendar year 1997, which was \$244,329 million. Therefore, the revenue limit in FY 1998-99 was equal to \$23,187 million. Table 3 presents the actual revenue limit situation since FY 1994-95 and the projected levels for FY 2000-01 and FY 2001-02.

Table 3			
STATE'S COMPLIANCE WITH CONSTITUTIONAL REVENUE LIMIT (dollars in millions)			
Fiscal Year	Revenue Subject to Limit	Limit	Amount Under (Over) Limit
1994-95	\$18,585.4	\$18,475.8	(\$109.6)
1995-96	19,798.8	19,982.0	183.2
1996-97	20,694.3	21,672.2	977.9
1997-98	22,072.3	22,712.4	640.1
1998-99	23,208.6	23,186.8	(21.8)
1999-2000	24,362.9	24,203.2	(159.7)
Estimates:			
2000-01	23,989.6	26,315.4	2,325.8
2001-02	24,620.8	27,929.0	3,308.2

1. FISCAL YEAR 2000-01

Revenue subject to the revenue limit will total an estimated \$23,990 million in FY 2000-01, which will be down 1.5% from the level in FY 1999-2000. This projected decline in revenue subject to the limit will be due to the slowdown in economic growth and the continuing reductions in the income and single business tax rates. While the revenues subject to the limit are expected to decline, the revenue limit will increase 8.7% to \$26,315 million. This increase in the revenue limit is due to the fact that it is based on personal income in 1999, when the economy was growing at a strong pace. Due to the expected decrease in the revenue subject to the limit and the increase in the revenue limit, revenues will fall well below the revenue limit by an estimated \$2.33 billion.

2. FISCAL YEAR 2001-02

Revenue subject to the limit also is expected to fall well below the revenue limit in FY 2001-02. Revenue subject to the limit will total an estimated \$24,621 million, an increase of 2.6% from the estimated FY 2000-01 level; however, the revenue limit, which will be based on calendar year 2000 personal income, will total an estimated \$27,929 million, which represents an increase of 6.1% from the FY 2000-01 revenue limit. As a result, revenues are expected to fall below the revenue limit by \$3.31 billion in FY 2001-02.



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